

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Washtenaw County	County Washtenaw
Fiscal Year End December 31, 2007	Opinion Date March 24, 2008	Date Audit Report Submitted to State March 27, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

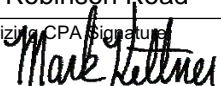
YES
NO

Check each applicable box below. (See instructions for further detail.)

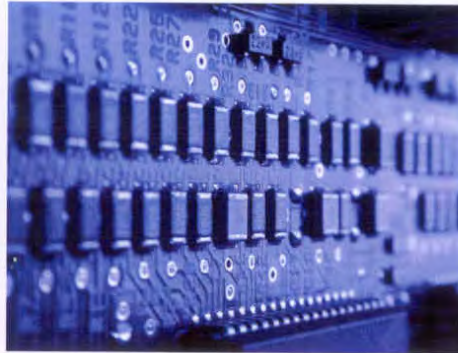
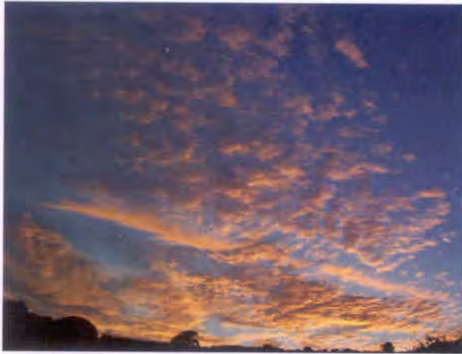
1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

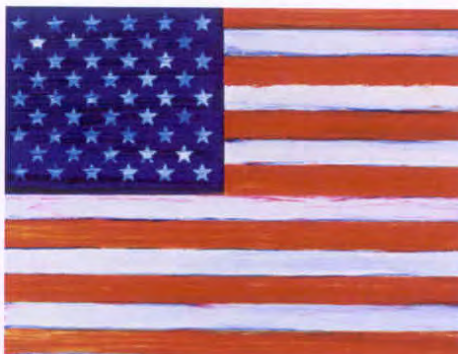
I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe) (Single Audit)	<input checked="" type="checkbox"/>			
Certified Public Accountant (Firm Name) REHMANN ROBSON		Telephone Number 517-787-6503		
Street Address 675 Robinson Road		City Jackson	State MI	Zip 49203
Authorizing CPA Signature 		Printed Name Mark T. Kettner, CPA, CGFM		License Number 11673

Community



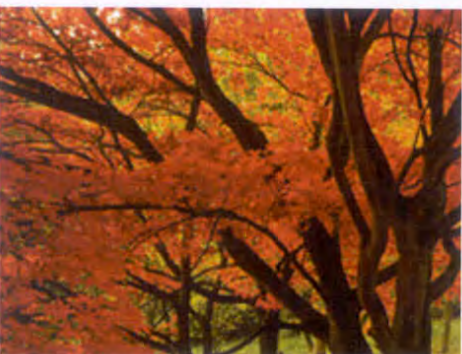
Happy children – Clean environment – Business growth



Accessible services – Safe neighborhoods – Affordable housing



Healthy bodies – Continuous improvement – Involved Communities



IMPACT



Comprehensive Annual Financial Report
Year Ended December 31, 2007

WASHTENAW COUNTY, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

Prepared by the Finance Department

WASHTENAW COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007

BOARD OF COMMISSIONERS

Jeff Irwin, Chair

Barbara Levin Bergman

Jessica Ping

Mandy Grewal

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Leah Gunn

Ken Schwartz

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Ronnie Peterson

Conan Smith

COUNTY ADMINISTRATOR

Robert E. Guenzel

FINANCE DIRECTOR

Peter Ballios

INDEPENDENT AUDITORS

Rehmann Robson

**WASHTENAW COUNTY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2007**

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Introductory Section



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March 24, 2008

**To the Board of Commissioners and the Citizens of
Washtenaw County:**



The Comprehensive Annual Financial Report (CAFR) of Washtenaw County for the year ended December 31, 2007, is submitted herewith. It was prepared by staff in the Finance Department with significant assistance from the accounting personnel in the Treasurer's Office, Drain Commissioner's Office, Public Works, Road Commission, Community Support and Treatment Services, Public Health, and other County departments. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County.

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2007.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Rehmann Robson, Certified Public Accountants, have issued an unqualified ("clean") opinion on Washtenaw County's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Washtenaw County, incorporated in 1827, is located in the southeast region of Michigan's Lower Peninsula, approximately 40 miles west of Detroit. The County encompasses 28 cities, villages and townships, settings range from urban to rural and small town to suburban. It is the sixth largest county in the State of Michigan, with an estimated 2007 population of 349,021. Sixty-four percent of the County's population resides in four main areas. Its major cities are Ann Arbor and Ypsilanti, with estimated populations of 113,709 and 20,846, respectively. The County's two largest townships are Ypsilanti and Pittsfield, with estimated populations of 53,181 and 34,827, respectively. It covers an area of approximately 710 square miles. The County seat is located in the City of Ann Arbor. Washtenaw County is empowered to levy a property tax, the primary source of funding, on both real and personal property located within its boundaries.

The governmental structure of Washtenaw County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body, and its administrative body for many functions, is the County Board of Commissioners. The Board consists of eleven commissioners elected by direct vote from single-member districts every two years. In addition to the Board of Commissioners, there are fifteen elected officials serving the County in judicial, administrative, or staff officer roles. An organization chart depicting the County structure is shown on the page following this letter.

Washtenaw County provides a full range of services in the following community of interest areas: public safety and justice, emergency preparedness and response, planning and environment, housing and homelessness, health, children's well-being, civic infrastructure, support services, and other customer specific services (for the blind and physically disabled and veterans). The County is responsible for the management and financing of these operations. Other services are provided through legally separate entities. The Washtenaw County Building Authority, although legally separate, functions as a department because its sole purpose is to finance and construct the County's public buildings, and therefore has been included as an integral part of the County's financial statements. Washtenaw County is also financially accountable for five legally separate component units: Department of Public Works Projects, Drain Commissioner, Hazardous Material Response Team Authority, Brownfield Redevelopment Authority and Road Commission, all of which are reported separately within the County's financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements (See Note I.A.).

The Board of Commissioners is required to adopt a final operating budget prior to the beginning of each fiscal year. This annual budget serves as the foundation for Washtenaw County's financial planning and control. The budget is approved and budgetary control is exercised at the department level. Expenditures may not exceed budgeted appropriations at the department level. Departments are authorized to make budget adjustments up to \$10,000 within established categories of their budget. The County Administrator is authorized to make budget adjustments within and between categories of budgets up to \$100,000 or 10% of the budget, whichever is less. Budget adjustments greater than this must be approved by the Board of Commissioners.

Local Economy

Washtenaw County's vibrant economy is centered on eight business sectors. Major industries located within the government's boundaries or in close proximity include alternative energies, automotive research and development, engineering and production, homeland security and defense, imaging and vision, information technologies, life sciences, and printing and online information. In addition, many high quality educational institutions, most notably the University of Michigan and Eastern Michigan University, and healthcare facilities are located within our borders. The County also is a significant economic presence thanks to the vast array of services provided by more than 1,200 employees. The innovative-based economy in the County is thriving.

Because of its location in a region with a varied economic base, unemployment has been consistently below the state average, currently at 7.2 percent, and has just peaked over the national average, currently at 4.6 percent, for the first time in over a decade. During the first half of the last decade, the unemployment rate decreased from 1.8 percent (1998) to a decade low of 1.6 percent (1999). Although Washtenaw County has one of the healthiest economies in the state, manufacturing layoffs and job losses in trade, transportation, and utilities, as well as pharmaceutical research and development affected the local unemployment rate. Since 2000, the unemployment rate steadily rose to a decade high and current rate of 4.9 percent (2007).

Unemployment is expected to remain at or slightly above the national average, but below the state average. As the State of Michigan's economic crisis adjusts to the challenges of a rapidly globalizing world, community and business leaders have come together like never before to respond. Economic development officials implemented an aggressive strategy for business growth and expansion within the region offering numerous programs and resources to match businesses with financing opportunities, incentives, location and site selection, networking and educational forums, and a talented workforce.

One year after Pfizer Inc. announced the shutdown of its massive Ann Arbor research campus, lost jobs have been offset with new ones to be added over the next 18 to 24 months, some of the ex-Pfizer workers chose to stay in the area and are taking the entrepreneurial route, forming start-up companies or joining small firms. Even businesses near the giant campus have learned to survive the closure, hotels fill fewer rooms, but have been able to charge higher rates to offset the decline, local gift shops experience slower noon and end of the workday foot traffic, but sales have not dropped thanks in part to the addition of new merchandise.

Business growth continues to increase with new investments: Google for an office building to house over 1,000 employees, Hyundai for a research center, NSF International doubling laboratory space to support fast-rising demand for its testing and certification services and Toyota for a technology campus. It is estimated that the labor force in the local region will continue increasing 3 percent annually for each of the next several years due to continued population growth and new entrants, high school and college graduates, into the work force. Above average employment growth rates in the region are projected among health care, professional, construction and repair, management, sales, and service occupations. Jobs in the County are expected to increase by 39,190 or 14.8 percent by 2012.

Washtenaw County has maintained strong population growth over the past two decades. This growth is expected to continue in the foreseeable future. Our 2000 Census population was 322,770. The estimated 2030 population is 448,020. The median age for the County is younger compared to the State of Michigan. In 2000, Washtenaw County had a median age of 32.9, while Michigan had a 35.5 median age. In 2010, the County is estimated to have a median age of 31.2, while Michigan is estimated to have a median age of 37.8. The low median age assures that the future will hold a broad pool from which employers can select skilled candidates for work in various business sectors.

Over 48% of our residents 25 years and older have completed four or more years of college. The median household income of our residents is over 24% higher than that of the State of Michigan and over 25% higher than the United States as a whole. Personal income figures for our citizens have risen significantly in recent years, over 17% since 1998. This indicates a healthy economy and a higher standard of living for our residents.

Washtenaw County's total equalized value of taxable property has more than doubled over the last ten years. The equalized value of taxable property has realized an average 8.1% increase in growth per year for the past five consecutive years. The County's total equalized value of taxable property for 2007 was approximately \$19.3 billion, an increase over the prior year of \$785.4 million, or roughly 4.2%. The economic base of the County has continued to increase, but preliminary information from the Washtenaw County Equalization Division projects that the 2008 total equalized value of taxable property will drop, signifying a rare departure from the typical increases experienced in years past, anywhere from no increase to a four percent loss.

The County remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report.

During the past seven years, the government's expenses related to judicial, general government, public safety, health and social services have increased in amount, but have consistently remained within two percent of their category of total expenses (a seven-year average of 13.6 percent, 10.8 percent, 27.4 percent, 22.0 percent and 16.1 percent, respectively). Judicial expenses increased for trial court and prosecuting attorney operations and activities. General government expenses increased for leased capital equipment and personal services within administration and support services, as well as non-insured litigation because of legal counsel and attorney fees for pending lawsuits. In the case of public safety, much of the increase reflects increased staffing levels and additional medical services, food and supplies being needed due to the elevated number of inmates. Increased costs for health and social services are products of continuing quality services and programs for at risk populations.

The growth in culture and recreation expenses over the past seven years reflects an increase in park recreational activities and programs, as well as major land acquisitions under the Natural Areas Preservation program and development of the 35-mile Border-to-Border Trail, a non-motorized multi-use trail connecting to Livingston County in the north and Wayne County in the southeast. Even though expenses have increased each year, the category has consistently remained between four to five percent of total government's expenses.

During the past seven years, the government's interest expenses have fluctuated in amount because of the required and scheduled payment amounts due on long-term debt each year. During 2007, the expense more than doubled over the prior year and the percent of total expenses (1.5 percent) peaked to the highest level in over seven years. The six year period, prior to 2007, the percent of total expenses remained consistent at approximately 1 percent (seven-year average) of total expenses.

During the same seven-year period, charges for services increased in amount during 2001 and 2002 and were 22.3 percent (average between the two years) of total revenues. A decrease in amount occurred during 2003 to 20.4 percent of total revenues. Since 2003 charges for services have increased in amount annually through 2007, but have continued to decrease as a percentage of total revenue (last four year average of 19.7 percent). The reason for this decline is the relative increase in expenses related to services that are not supported by fees and charges (e.g., public safety); thus, as taxes have increased to support these services, so has the proportion of total revenue generated by taxes.

Operating grants and contributions increased in amount (a seven-year increase of 51.0 percent), but has remained relatively stable as a percentage of total revenues at 31.2 percent (seven-year average). Operating grants and contributions increased as grant awards provided additional funding for new and existing programs in the areas of health, social services, judicial and public safety activities.

Property tax revenue not only increased in amount, from 71.2 percent seven years ago, but also as a percentage of total revenue (a seven year average of 43.1 percent), to approximately 45 percent of the revenue collected during 2007. Property taxes decreased by approximately \$8.7 million (9.2 percent) over the prior year. This decrease for the year is attributed to being the first year, in the past four years, that no shift in property tax collections occurred. During the prior three years (2004-2006), property tax collections shifted from a December to a July levy, an additional one-third of the levy was collected each year until the transition was complete. The accelerated revenue recognition pursuant to Public Act 357 of 2004, has and will continue to provide funding that serves as a substitute for state revenue sharing payments.

During the past seven years, the government's revenues related to investment income have increased in amount (a seven-year increase of 53.8 percent). During 2007, investment income peaked at its highest levels, both in amount and percent (currently 3.8) of total revenues, since 2001.

Long-Term Financial Planning

Total fund balance in the general fund (8.1 percent of total general fund expenditures and transfers out) falls within policy guidelines set by the Board of Commissioners for budgetary and planning purposes. The Board has continued its commitment to plan future budgets to meet the goal of a reserve for subsequent years representing 8.0% of general fund expenditures and transfers out.

The County completes ten year projections during each budget cycle, and updates them frequently to ensure that the full impact of decisions are understood. The current projections are proving to be more challenging than ever before. The County is faced with significant variables in the future that are difficult to predict. In most instances, financial impact practices use assumptions of past practice as the best indication of the future. New economic realities have intuition driving the projection assumptions, not data.

The Board of Commissioners has committed to ensure the long-term fiscal stability of the County. The County has operated very deliberately over the past several years, making sound financial decisions to keep from having to react to a crisis situation. During the development of the 2008/09 budget, it was clear through a review of financial indicators that the County was in good financial condition presently although there were uncertain times ahead. The County has worked diligently over the years making long-term fiscal stability a top priority, which has resulted in high bond ratings, reasonable levels of debt, reserves in line with policy and annual surpluses. However, the picture is mixed when looking forward, especially when estimating the impact the State and local economy will have on County revenues and the demand for services.

There are several issues impacting the County when considering property tax revenue collections. First, the County has operated in unprecedented times due to the Statewide shift in property tax collections from a December to July levy. Part of the growth in property tax revenue over the past few years was due to early collection of property taxes. The County realized a “windfall” in the years this was being shifted (2004-2006). The impact of this was a positive one at first, with the County realizing the increased taxable value a fiscal year early. The downside impacting the 2008/09 budget development was that the windfall would be over. Even though this was expected, the amount of revenue to be received would not be known until during the fiscal year for which it was to be recorded. Therefore, the County will not know the real revenue amount for 2008 (a July 1 levy) property taxes until April 2008. Using past levels as a guide proved to be invalid as well. The 2007 Equalization report demonstrated a 6% growth factor in taxable value, as had almost every year over the past decade. Next, the housing market continues to decline and it has become clear that for recently transferred properties where the SEV and taxable value become equal, the homeowners would actually have a reduced tax bill due to the declining market value. Therefore, the County has prepared for a flat level of property tax revenue for 2008/09.

Going into the 2008/09 budget development, the County had a structural deficit of \$3 million. This had been known during 2006 and 2007, but it was decided to postpone the long-term solution to allow the organization to stabilize after several years of reductions and restructurings. The change in revenue assumptions from the property tax issue outlined above, as well as related revenue reductions due to the housing market realities, created an additional budget issue of over \$2.5 million. The largest anticipated solution to the projected structural budget deficit was through the County’s pending labor negotiations. These negotiations were running parallel to the County’s budget development process, resulting in the need for projected anticipated savings to be incorporated into the 2008/09 adopted budget.

There were three categories of anticipated labor savings including wages, medical and retirement. It is expected that some of these savings will still materialize. However, part of the projected savings for retirement included a change in the way pensions might be set up. Actuarial studies were done with second party verification that calculated anticipated savings to the County's liability for retirement costs. It came to the County's attention in late November that those studies included an error and inaccurate assumptions resulting in the savings to be much less than originally projected. Since these savings were the original anticipated means to deal with the structural budget deficit and were incorporated into the 2008/09 budget, a new solution must now be identified.

While the County realized the fiscal indicators were uncertain moving forward, the Board of Commissioners knew the County had to respond to the growing needs of the citizens and keep the organization moving in a strategic direction for the future. The 2008/09 budget included new investment for both internal and external contributions of approximately \$2 million. These investments were balanced with the budget based on the assumptions at the time of the adoption, including the anticipated labor savings and a level of property taxes at a 3.5 percent growth factor.

These issues combined result in a current projected budget issue between \$8 to \$10 million, approximately 10% of the General Fund, for the 2008 fiscal year. These issues are permanent in nature, actually growing annually, resulting in higher projected shortfalls into the future if not dealt with in a structural budget reduction as soon as possible. A group of organizational department heads and staff, known as the Strategic Oversight Committee (SOC), have been brought together to assist in the development of principles, process, communication and solution generation to address the budget deficit.

Structural solutions have identified approximately \$5 million in anticipated savings for 2008. The intent of starting these modifications during the year and implementing annually for continued savings revolve around: the realized labor savings expected to materialize; integrated health waivers to enable additional federal match dollars to the local community; available property foreclosure funds, in accordance with Urban Homestead Legislation (PA123), which provides the Board of Commissioners discretion over transfers; approved changes in the E-911 fee collections as allowed by the revised State law; reductions in strategic planning and organizational consultant use for a minimum level of outside support, only when determined absolutely necessary; reductions in continuous improvement efforts around the County's financial information system; reductions in take home vehicle assignments; and appropriation reductions in the level of support to non-General Fund departments.

In addition, a process is underway to identify options for additional reductions that will balance the projected budget shortfall in 2009 and beyond. However, these additional solutions cannot be relied on for 2008 savings, resulting in a remaining projected deficit of \$3 to \$5 million. As a result, some short-term solutions were also needed to balance the 2008 budget, these include: a hiring freeze limiting the filling of any vacant positions; reductions to the pay for performance benefits; limiting capital equipment replacements; cancelling county-wide events; minimal travel and conference attendance; a 10 percent reduction for select outside agency allocations; health services building renovation project limited to sustaining the facility for the long-term; use of non-General Fund reserves (self insurance-risk management and technology plan funds) to help balance the 2008 budget; and forego the planned fund balance increase in the general fund.

The structural and short-term solutions identified will balance the 2008 budget if the projected shortfall remains at a maximum level of \$10 million. As outlined in budget policy, quarterly updates will be provided to the Board of Commissioners notifying them of the status of the budget, emerging issues, and an explanation of any significant variables. An extensive process is underway with the entire organization working to generate a list of recommendations. It is critical for staff, at all levels of the County, to be involved in identifying and implementing the structural changes of how the County operates.

Relevant Financial Policies

As a means to save State funding, legislation (Public Act 357 of 2004) was passed that shifted the timing of property tax payments to create a revenue stream that, for the next four years or so, will offset the reduction in state revenue sharing. The measure gradually moved up property tax collections from the winter to the summer over three years. Counties annually transfer from this pool the exact amount of funding that would have been available through state revenue sharing. Each year the State publishes the allowable spending amount that can be transferred from the reserve fund. The allowable spending amount is calculated using the growth in the U.S. Consumer Price Index from the State's 2005 and 2006 fiscal years. The inflation rate used for fiscal year 2007 was 3.7%.

Many changes occurred when the State passed the law to shift the County's tax levy from December to July. One consequence was on the cash flow of the General Fund, as the property tax revenue used to be received early in the year to sustain expenditures throughout the entire fiscal year. Now, costs begin to be incurred as of January 1st, however the property tax revenue (over 70% of the General Fund) is not collected until the second half of the year. This creates a negative cash balance in the General Fund. The law allows for the use of the revenue sharing reserve fund cash to be moved into the general fund if such an issue arises. It is necessary for this to be the County's practice for 2008 and beyond until the revenue sharing reserve fund is depleted. Interest levels will stay above previous levels for the next few years, although on a declining basis as the level of cash declines through the use of the revenue sharing reserve fund. It is a significant long-term issue with a need to identify a permanent solution to the general fund cash flow shortage as it is projected that the revenue sharing reserve fund will not be available after 2011.

Major Initiatives

The decision making parameters of the budget development process started with a premise of a status quo budget. Adjustments were only made if the request identified outside funding or strongly demonstrated it was a critical investment into the future of the organization and community. In addition, some adjustments were necessary to resolve issues that have been ongoing based on recent trends that do not appear to be ending without an additional commitment of funding. The major influences on the fiscal environment of the County are:

- ❑ ***District Court Programming and Revenue Collections*** – The District court continues to do a great job at maximizing revenue collections, as has been seen over the past several years with continued revenue growth. The budget includes an increase in revenue amounts to bring the budget in line with recent collection levels. In addition, the court has requested new positions to increase efforts around jail diversion that will primarily be supported through increased revenues. The budget also includes the continuation of the Pre-Trial program within the District Court that had been previously funded through the use of part-time temporary staff and will now move into a permanent employee status.
- ❑ ***Jail Overcrowding and Expansion Initiative*** – The jail is chronically overcrowded resulting in a public safety and justice crisis, but also a major budget constraint. The space plan project underway to add an additional 100+ beds in the jail should help alleviate overcrowding in the future. This project provided funding for jail operations that are included in the Sheriff's budget. The intent is for this to cover associated costs with managing jail overcrowding pending the completion of the project, at which time new staff will be created using these dollars.
- ❑ ***Juvenile Placements*** – The County continues to see an increase in costs associated with our institutional placement of juveniles through our Child Care program. According to the Washtenaw County Trial Court, this is in alignment with a national trend as well as from a local reality of seeing increased sex offender treatment needs. The 2008/09 budget includes an increased appropriation for juvenile placements and the creation of a new position in the Trial Court for a Probation Agent focused on sex offender cases as a means to improve treatment and reduce costs. This is a pilot program with required semi-annual evaluations to be completed to determine the success of this initiative.
- ❑ ***Police Services Methodology Change*** – The 2008 budget includes the implementation of the revised methodology for police services contracts. The largest impact, besides the increase in the expected revenue, is with anticipated overtime. In the past, the County guaranteed a certain number of service hours and held the liability for all necessary overtime to meet this contractual obligation. Starting in 2008, the contracting entities receive a deputy for service plus supervision, with the opportunity to choose whether or not to backfill for deputy time off. If entities choose to backfill, it has become the responsibility of the contracting entity to pay the County for this overtime coverage. Furthermore, the County has continued its commitment, as outlined in the contracts, for the provision of County-wide police services as well as specific areas in which overtime will continue to be the responsibility of the County.
- ❑ ***Public Safety and Justice Statutory Line Items*** – The County continues to see an increase in the demands of the Public Safety and Justice system in regards to statutory line items, including attorney fees, jury fees, witness fees and extraditions. The Board of Commissioners adopted a policy in 2008/09 budget that demonstrates the obligation to cover these required expenses if overages occur.

❑ ***Increased Appropriations/New Initiatives –***

- a. *Outside Agency Allocations:* The County provides almost \$3 million in support to outside agencies and local non-profits. The County is in a challenging position of determining the appropriate balance between funding internal initiatives and community agencies. Many of these agencies take the leadership role for new critical community initiatives for which the County should support as an investment into the future. Strategic decisions were made to include allocations to root cause initiatives including child abuse prevention, economic development, affordable housing, transportation, domestic violence and literacy.
- b. *County-wide Communications Office:* In such challenging economic times, it is even more critical to stay in touch with the needs of the community and to make them realize that local government is here to help. In collaboration with the Board of Commissioners, the County underwent a review in 2007 to develop an updated strategic communication plan. Best practices were researched and input was gathered from various stakeholders. One outcome of this initiative is the request for the creation of a Communications Officer that will be part of the County Administrators' Office. This officer will manage the implementation of the strategic plan and assist County staff in communications going outside of the organization to the media, direct customers and the community as a whole.
- c. *Successful Communities Initiative:* During the 2008/09 budget planning process the Board of Commissioners added a ninth Community of Interest, Economic Development. Much of this community of interest falls to leadership by outside agencies, with some direct services being done internally in the County's Planning & Environment, MSU Extension, and Employment Training & Community Services departments. It is believed that this initiative is the future of economic growth and stability within Washtenaw County, and beyond.
- d. *Prosecuting Attorney Victim Witness Services:* As mentioned above through the discussion on jail overcrowding and the statutory line items, the entire Public Safety and Justice system is strained. One critical component of the system is the support provided to victims and witnesses. This program through the Prosecuting Attorney's Office is over capacity and unable to meet demand levels. As a result, the 2008/09 budget includes the creation of a new position to increase available resources in this program area.
- e. *Drains Equipment:* The Drain Commissioner's Office currently contracts out for much of its equipment use. A long-term strategic plan is being developed to clearly outline the need for internal equipment including the impact on staff, operations and customers. Many of the costs associated with this are reimbursable through drain assessment projects for local units. The budget includes the planned purchase of some equipment, with the request for an additional position for operation of the equipment. The first phase will focus on moving to a more proactive approach to service delivery with an expectation of greater citizen satisfaction.

- f. *Solid Waste Home Hazardous Waste Community Collections*: On an annual basis, the Planning & Environment department through the County's solid waste program offers a number of collection events in which citizens can bring hazardous waste products from home for proper disposal. These events are extremely important to help the environment and are well attended by the community. As outside funding has declined, it was requested that the County support some of these events to preserve the programming and meet the demands of the community.
- g. *Medical Examiner*: The medical examiner program is a statutory obligation. Over the years, this has been managed by the County's Public Health department. Beginning in 2008, there is a commitment to increase the medical examiner program by a cost of living adjustment, annually. In addition, infrastructure enhancements are required to bring a short-term solution to both space and technology needs.

Even though the 2008/09 budget included new investment for both internal and external initiatives, over the past five years the County has scaled back operations and administrative support in an attempt to preserve programs. Cost containment efforts have been realized where possible and continue to be the focus, but fiscal challenges will continue for many years to come. In the past, the organization sustained expenditure growth through five to six percent property tax revenue growth annually. As this is no longer projected to be the reality, the organization must respond with a reduction in expenditures. It continues to be the County's desire to preserve programming resulting in the need to identify opportunities for strategic expenditure reductions. The County will continue to monitor key economic variables regularly and discuss ways to reduce the cost of doing business while attempting to preserve programming.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washtenaw County, Michigan for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2006. This was the 17th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition to the Certificate of Achievement, the County also received the GFOA's Distinguished Budget Presentation Award for its budget for the biennium period beginning January 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as a policy document, a financial plan, an operations guide, and a communication device.

Finally, Washtenaw County is the proud recipient of the GFOA award for its Popular Annual Financial Report (PAFR). The fiscal year 2006 PAFR was the County's first citation. Washtenaw County is one of two counties in the State of Michigan that holds all three of the GFOA awards simultaneously.

The preparation of this report on a timely basis was made possible by the dedicated service of Finance Department accounting staff and the accounting personnel from the Treasurer's Office, Drain Commissioner's Office, Public Works, Road Commission, Community Support and Treatment Services, Public Health and other County departments, as well as advice from Rehmann Robson. I wish to express my appreciation and acknowledge those who assisted and contributed to the preparation of this report:

Dan Ackerman
Roberta Allen
Terry Ballantyne
Kelly Belknap

Don Bilbey
Florice Boelter
Sue Bos
Peter Collinson

Dick Eckoff
Tina Gavalier
Janet Gilkey
Marie Irwin

Kirsten Osborn
Kirk Profit
Stefanie Thacker
Xiaohong Wu

Credit also must be given to the Board of Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Washtenaw County's finances.

Sincerely,



Robert E. Guenzel
County Administrator/Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Washtenaw County
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

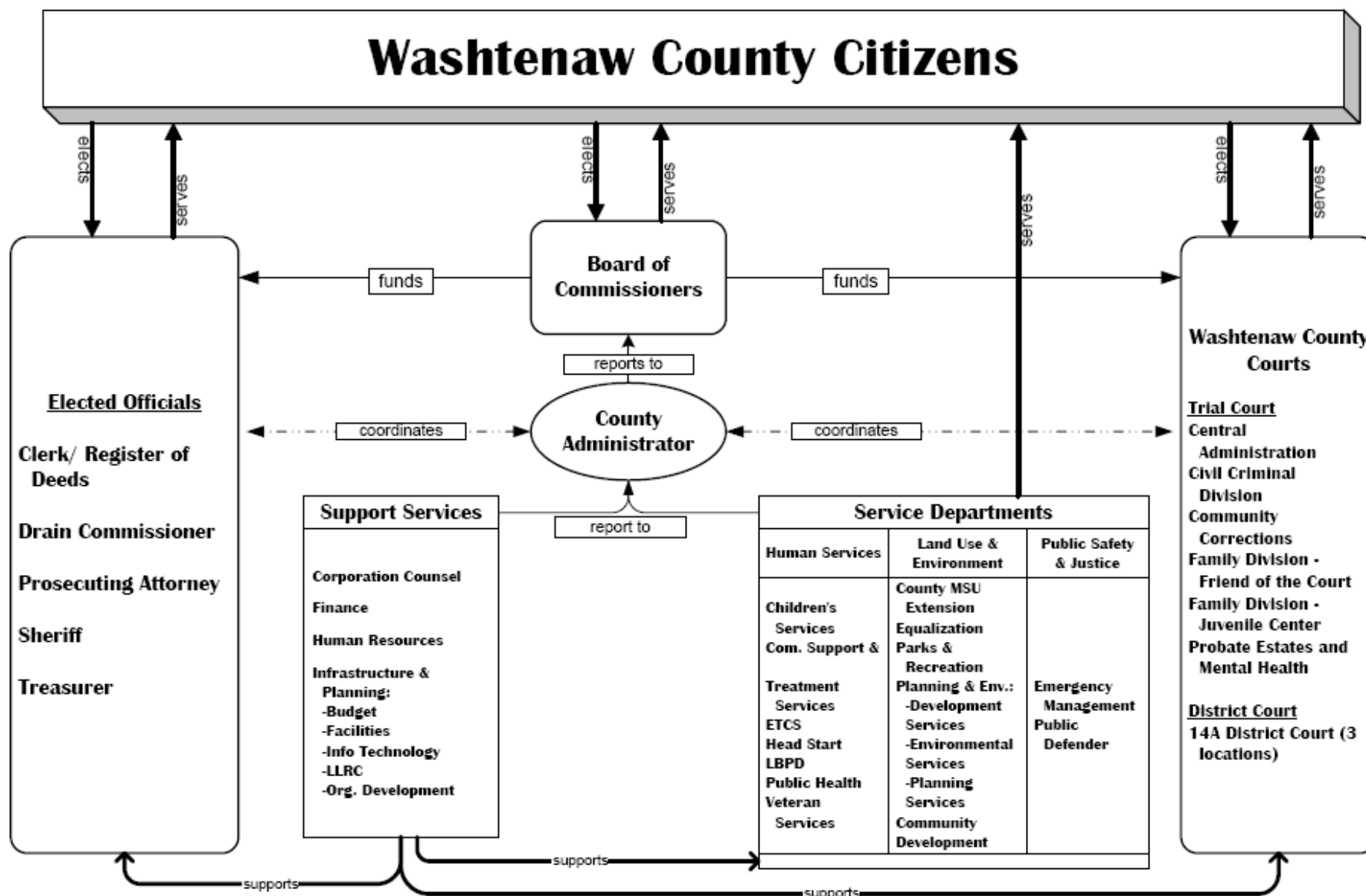


Charles S. Cox

President

Jeffrey R. Emer

Executive Director



WASHTENAW COUNTY

PRINCIPAL OFFICIALS

At December 31, 2007

Board of Commissioners

Jeff Irwin, Chair

Barbara Levin Bergman
Mandy Grewal
Leah Gunn
Mark Ouimet
Ronnie Peterson

Jessica Ping
Karen Lovejoy Roe
Ken Schwartz
Rolland Sizemore Jr.
Conan Smith

District Court Judges

Richard E. Conlin

J. Cedric Simpson

Kirk W. Tabbey

Trial Court Judges

Archie C. Brown
Timothy P. Connors
Nancy C. Francis
Melinda Morris

Darlene A. O'Brien
Donald E. Shelton
David S. Swartz

Clerk/Register of Deeds

Lawrence Kestenbaum

Drain Commissioner

Janis A. Bobrin

Prosecuting Attorney

Brian Mackie

Sheriff

Daniel J. Minzey

Treasurer

Catherine McClary

County Administrator

Robert E. Guenzel



Financial Section



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

March 24, 2008

To the Board of Commissioners
of Washtenaw County
Ann Arbor, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **WASHTENAW COUNTY, MICHIGAN** as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Washtenaw County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Employment Training and Community Services Fund, which represents 0.3% of the assets and 6.9% of the revenues of the aggregate remaining fund information and 0.3% of the assets and 4.7% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 73.9% of the assets and 88.5% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Washtenaw County, Michigan**, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2008, on our consideration of **Washtenaw County, Michigan's** internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-16 and the employees' retirement system information on pages 95 and 96 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washtenaw County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based upon our audit and the reports of other auditors, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.



**Management's Discussion
and Analysis**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Washtenaw County, Michigan we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i–xii of this report, and the accompanying basic financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$190,856,744 (*net assets*). Of this amount, \$83,111,620 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$5,784,344 during 2007. This increase is attributable to total revenues exceeding total expenses. The revenue areas contributing to the increase in net assets are operating grants and contributions program revenue and other general revenue from investment earnings.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general, special revenue, debt service and capital projects funds) reported combined ending fund balances of 136,615,205, an increase of \$21,640,420 in comparison with the prior year. Ninety-five percent of the ending fund balances are subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. Approximately 5 percent of this total amount, \$7,481,045, is *available for spending* at the government's discretion only (general fund *unreserved, undesignated fund balance*).
- The general fund had a surplus of \$237,908 for 2007. At the end of the year, total fund balance for the general fund was \$8,657,381, or approximately 8.1 percent of total general fund expenditures and transfers out.
- The County's investment in capital assets increased by \$5,140,162 during 2007.
- The County's total bonded debt, excluding delinquent tax notes, increased by \$23,470,000 during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the County as a whole (government-wide financial statements) and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds.

The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This is limited to schedules concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to certain employees.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or *financial position*. Over time, *increases or decreases* in the County's net assets are one indicator of whether its *financial health* is improving or deteriorating. During 2007, the net assets of the County increased by \$5.8 million.

The Statement of Net Assets and the Statement of Activities, present information about the following:

Governmental activities. All of the County's basic services are considered to be governmental activities, including legislative, judicial, general government, public safety, public works, health, social services, culture and recreation, and interest on debt. Property taxes, intergovernmental revenue for operating grants and contributions, and charges for services finance most of these activities.

Business-type activities. Other functions of the County that are intended to recover all or a significant portion of their costs through user fees and charges are considered to be business-type activities. These include delinquent tax collections and property foreclosures.

Component units. The County includes four legally separate entities in its financial statements: the Washtenaw County Department of Public Works Projects, the Washtenaw County Drain Commissioner, the Washtenaw County Hazardous Materials Response Authority and the Washtenaw County Road Commission. Although legally separate, these "component units" are important because the County is financially accountable for them.

Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The Washtenaw County Building Authority, although also legally separate, functions for all practical purposes as a department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 17-19 of this report.

Reporting the County's Most Significant Funds

Fund Financial Statements. The fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds – *governmental and proprietary* – use different accounting approaches.

Governmental funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the *modified accrual* basis of accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the County's general governmental operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, community support and treatment services, parks and recreation, revenue sharing reserve, enhanced emergency communication system millage, and county capital project funds, each of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 20-31 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for delinquent tax operations and property foreclosures. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for support services provided to other departments, which includes phone services, fleet, facilities management, insurance, duplicating and copier replacement, mail services and payroll fringe benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the delinquent tax operations and other enterprise funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 32-35 of this report.

Reporting the County's Fiduciary Responsibilities

The County is the trustee, or *fiduciary*, for certain amounts held on behalf of others. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The County's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Additional Information

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 40-94 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to schedules concerning the County's progress in funding its obligation to provide pension and other postemployment benefits to certain employees. Required supplementary information can be found on pages 95 and 96 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 97-131 of this report.

Financial Analysis of the County as a Whole

The government-wide financial analysis focuses on the net assets and changes in net assets of the County's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the County's assets exceeded its liabilities by \$190,856,744 at December 31, 2007.

Washtenaw County's Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 166,039,319	\$ 146,437,976	\$ 30,400,758	\$ 22,615,409	\$ 196,440,077	\$ 169,053,385
Capital assets	128,424,119	123,301,798	17,841	-	128,441,960	123,301,798
Total assets	294,463,438	269,739,774	30,418,599	22,615,409	324,882,037	292,355,183
Long-term liabilities	88,222,846	69,458,113	18,015,449	12,011,586	106,238,295	81,469,699
Other liabilities	27,012,690	24,938,695	774,308	517,950	27,786,998	25,456,645
Total liabilities	115,235,536	94,396,808	18,789,757	12,529,536	134,025,293	106,926,344
Net assets:						
Invested in capital assets, net of related debt	96,616,753	90,342,374	17,841	-	96,634,594	90,342,374
Restricted	11,110,530	6,812,865	-	-	11,110,530	6,812,865
Unrestricted	71,500,619	78,187,727	11,611,001	10,085,873	83,111,620	88,273,600
Total net assets	<u>\$ 179,227,902</u>	<u>\$ 175,342,966</u>	<u>\$ 11,628,842</u>	<u>\$ 10,085,873</u>	<u>\$ 190,856,744</u>	<u>\$ 185,428,839</u>

By far, the largest portion of the County's net assets, \$96,634,594 (50.6 percent), is its investment in capital assets (i.e., land, buildings, vehicles and equipment), net of any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$83,111,620 (43.6 percent), *unrestricted net assets*, may be used to meet the government's ongoing obligations to citizens and creditors. The remaining balance of \$11,110,530 (5.8 percent) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is able to report positive balances in all three categories (invested in capital assets-net of related debt, restricted and unrestricted) of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Washtenaw County's Changes in Net Assets

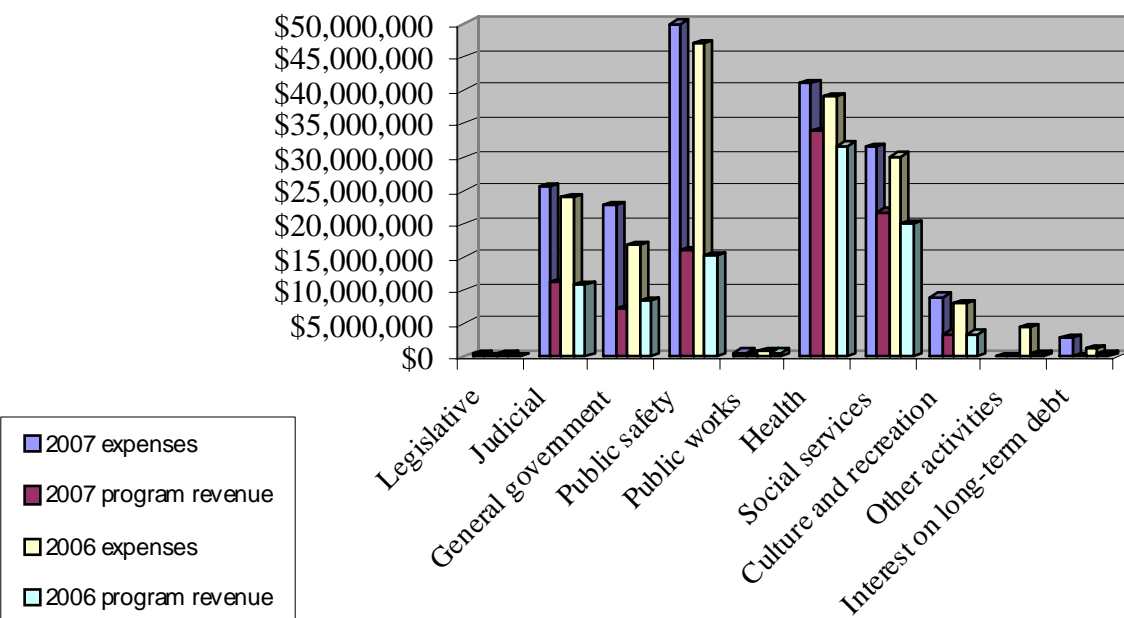
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue:						
Program revenue:						
Charges for services	\$ 29,858,941	\$ 29,738,776	\$ 4,185,414	\$ 3,566,189	\$ 34,044,355	\$ 33,304,965
Operating grants and contributions	63,759,215	60,153,886	-	11,960	63,759,215	60,165,846
Capital grants and contributions	428,017	1,251,861	-	-	428,017	1,251,861
General revenue:						
Property taxes	86,549,856	95,271,757	-	-	86,549,856	95,271,757
Grants and contributions not restricted to specific programs	544,946	366,250	-	-	544,946	366,250
Other	6,575,702	4,150,209	825,864	763,766	7,401,566	4,913,975
Total revenue	187,716,677	190,932,739	5,011,278	4,341,915	192,727,955	195,274,654
Expenses:						
Legislative	576,094	539,323	-	-	576,094	539,323
Judicial	25,458,987	24,021,026	-	-	25,458,987	24,021,026
General government	22,617,109	18,941,490	-	-	22,617,109	18,941,490
Public safety	51,217,621	46,937,810	-	-	51,217,621	46,937,810
Public works	757,558	869,372	-	-	757,558	869,372
Health	41,041,193	40,868,460	-	-	41,041,193	40,868,460
Social services	31,556,019	31,099,614	-	-	31,556,019	31,099,614
Culture and recreation	8,995,250	7,998,879	-	-	8,995,250	7,998,879
Interest on long-term debt	2,878,426	1,375,511	-	-	2,878,426	1,375,511
Delinquent tax collections and related activities	-	-	1,793,495	1,218,973	1,793,495	1,218,973
Total expenses	185,098,257	172,651,485	1,793,495	1,218,973	186,891,752	173,870,458
Increase in net assets before transfers	2,618,420	18,281,254	3,217,783	3,122,942	5,836,203	21,404,196
Transfers	1,622,955	2,838,959	(1,674,814)	(2,759,887)	(51,859)	79,072
Increase in net assets	4,241,375	21,120,213	1,542,969	363,055	5,784,344	21,483,268
Net assets - beginning	174,986,527	153,866,314	10,085,873	9,722,818	185,072,400	163,589,132
Net assets - end of year	\$ 179,227,902	\$ 174,986,527	\$ 11,628,842	\$ 10,085,873	\$ 190,856,744	\$ 185,072,400

The County's net assets increased by \$5.8 million during the current fiscal year; \$4.25 million increase for governmental activities and \$1.55 million increase for business-type activities.

Governmental activities. Overall, total revenues and transfers exceeded total expenses by over \$4.2 million, thereby accounting for 72.4 percent of the total growth in the net assets during 2007. Total revenues for governmental activities were \$3.2 million less than the prior year. Key elements of this decrease are as follows:

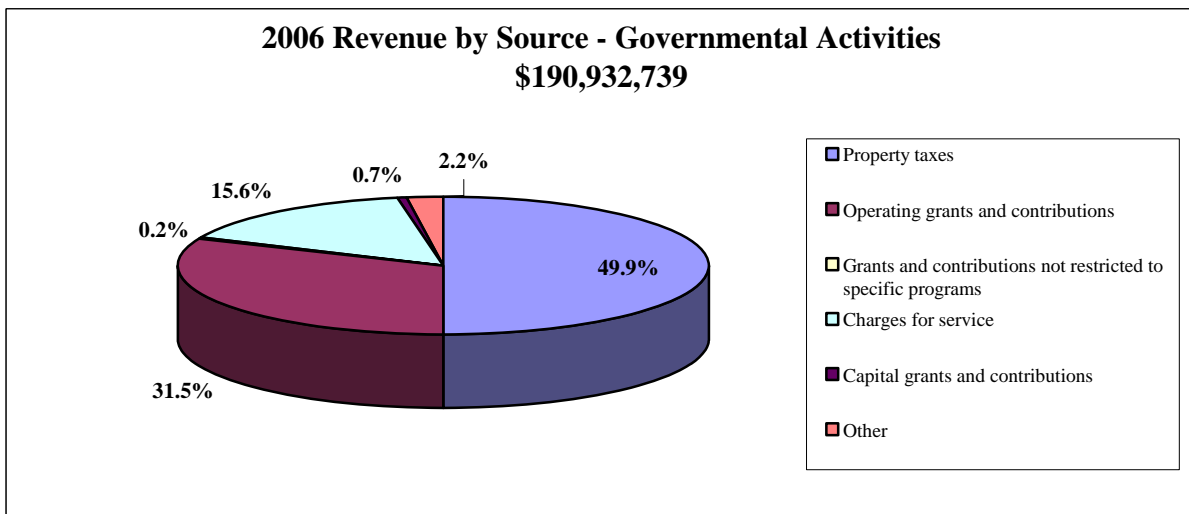
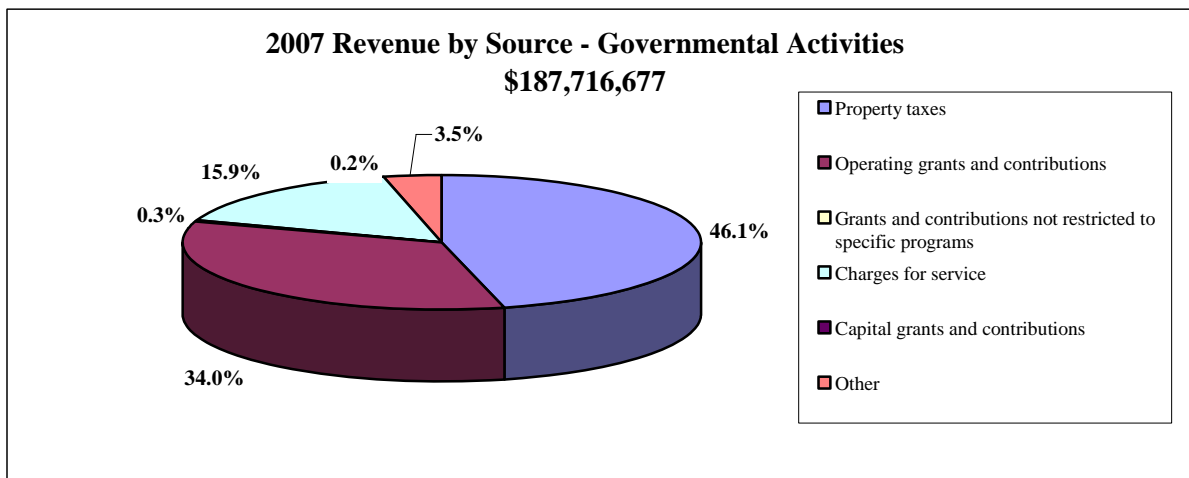
- Property taxes decreased by approximately \$8.7 million (9.2 percent) during the year. This decrease is the result of no early recognition of property tax revenue taking place during 2007. During the prior three years (2004-2006), as the property tax collections shifted from a December to July tax levy, pursuant to Public Act 257 of 2004 (a funding mechanism to be used as a substitute for state revenue sharing), the County recognized a “windfall” of revenue because increased taxable values and residential growth were realized a year early. Now that the shift is complete, future property taxes are realistically expected to be more in line with 2007.
- Capital grants and contributions decreased by \$0.8 million (61.5 percent) during 2007 primarily due to grants in the public safety area for homeland security and domestic preparedness.
- Operating grants and contributions for governmental activities increased by \$3.6 million (6.0 percent) during the year. Grant awards and contributions furnished additional resources to supplement programs in the area of health and social service activities.
- The above mentioned decreases were partially offset by increases in the other revenue category of \$2.4 million (58.4 percent) due to investment earnings, and nominal increases totaling an additional \$0.3 million (less than one percent) took place in grants and contributions not restricted to specific programs (\$0.2 million) and charges for services (\$0.1 million).

2007 & 2006 Expenses and Program Revenues - Governmental Activities



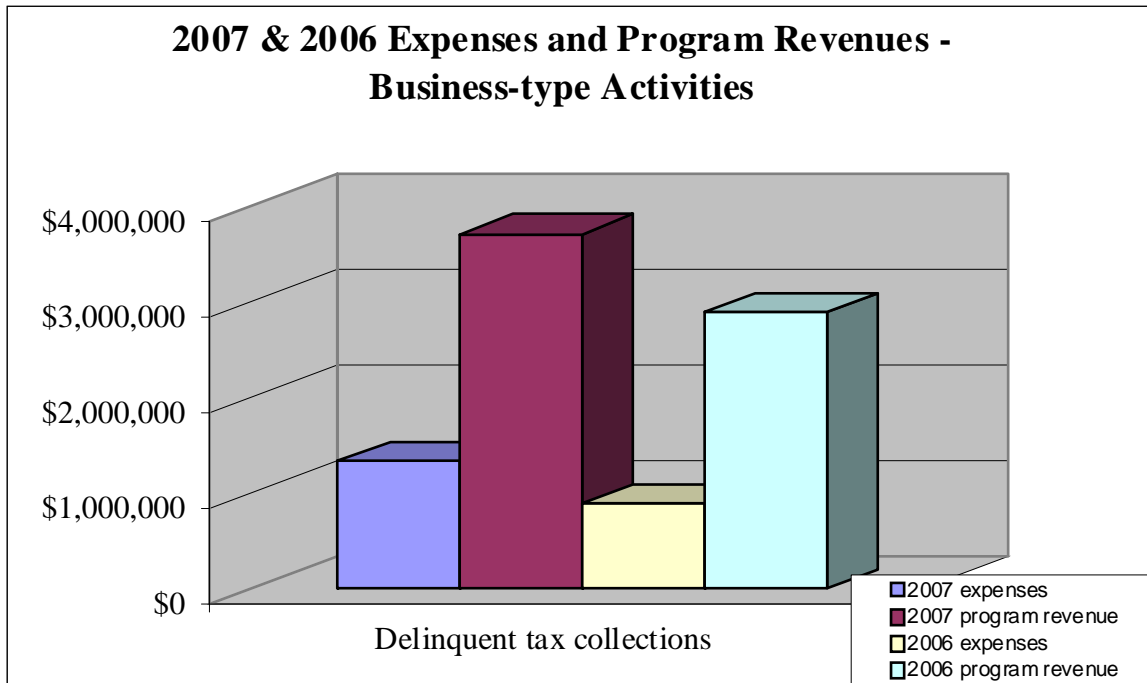
Overall, total expenses for governmental activities increased \$12.4 million during the year. The functional areas that comprise this increase are public safety (\$4.3 million), general government (\$3.7 million), interest on long-term debt (\$1.5 million), judicial (\$1.4 million), culture and recreation (\$1.0 million) and social services (\$.5 million).

Costs increased in public safety for Sheriff's operations because of increased staffing levels and additional operating costs due to jail overcrowding. Generally, the cost increases for general government were for consultant and contracts for County-wide continuous improvement initiatives, personal services and leased capital equipment. Interest expenses increased in accordance with payment schedules on long-term debt. Costs increased in judicial activities for trial court and prosecuting attorney operations. Culture and recreation cost increases were for park land acquisitions. Finally, increases in the social services area were for community development, community support and treatment services, and housing and homelessness initiatives.



Business-type activities. Business-type activities increased the County's net assets by over \$1.5 million. Key elements of the current year increase are as follows:

- Charges for services revenue for business-type activities increased \$619,225 in comparison to the prior year due to higher delinquent tax and property foreclosure activity during 2007. Expenditures increased by \$574,522 due to salary and fringe benefit expenses for collection activity, as well as the purchase of machinery and equipment (a vehicle) to support the operations of the program.
- The other revenue category increased by \$62,098 (8.1 percent) during the year due to nominal investment earnings.



Financial Analysis of the County's Funds

As noted earlier, Washtenaw County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$136,615,205, an increase of \$21,640,420 in comparison with the prior year. Ninety-five percent of the ending fund balances are subject to the underlying limitations applicable to the particular special revenue, debt service and capital project funds. The other five percent of this total amount, \$7,481,045, is *available for spending* at the government's discretion only (general fund *unreserved, undesignated fund balance*). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for community support and treatment services' activities, land acquisition under the natural area preservation program, replacement of state revenue sharing, enhancements to emergency communication systems and for improvements to existing assets and new construction for capital projects, as well as for long-term advances and prepaid items.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,481,045, while total fund balance was \$8,657,381. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 8.1 percent of total general fund expenditures and transfers out. This level of fund balance in the general fund meets the Board of Commissioners formal adopted policy, as well as the Government Finance Officer's Association recommended practices.

The fund balance of the County's general fund increased by \$237,908 during the current fiscal year because revenues and other sources were slightly higher than expenditures and other uses.

The financial position of the community support and treatment services fund improved by \$2 during 2007. Total fund balance at the end of the year is \$1,046,466.

The parks and recreation fund had a total fund balance of \$24,643,058, which increased \$5.5 million in the current year. The growth in fund balance is attributable to a voter-approved millage for the purpose of acquiring land under the natural areas preservation program. Fund balance will be used in subsequent years as the land acquisitions are completed.

The revenue sharing reserve fund had a total fund balance of \$36,891,418, a decrease of \$6.1 million during 2007. This fund is mandated by the State of Michigan and accounts for accelerated property tax collections that substitute for state revenue sharing payments. Annual tax payments, each equal to 1/3 of the annual property tax levy, were placed in this fund over three years, 2004-2006. Beginning in 2004 the County started withdrawing monies from this fund equal to the fiscal 2004 state revenue sharing payments adjusted for inflation. The County will continue drawing down revenue sharing from the reserve fund using an inflationary factor over the prior year amount. This fund will decline just over \$6,000,000 per year in the future until the fund balance is exhausted.

The enhanced emergency communication system millage fund had a fund balance of \$850,914 at year end. This fund accounts for the resources, including a voter-approved millage beginning in 2007, accumulated and payments made for principal and interest on long-term general obligation debt that will finance acquisition, construction, renovation, maintenance and operation of an upgrade to the County's communication system.

The county capital projects fund accounts for renovations and modifications of existing facilities, new capital construction projects and the purchase of capital equipment. The county capital projects fund has a total fund balance of \$57,622,800. In addition, maintenance to existing facilities such as replacement of roof systems, carpeting, and other interior finishes are also funded by the county capital projects fund. The net increase in fund balance during the current year in the county capital projects fund was \$20,656,874 and is attributable to the issuance of capital improvement bonds in the amount of \$21.7 million to fund the public safety and justice initiative for expansion of the jail and district court at the service center.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the delinquent tax, other enterprise and internal service funds at the end of the year amounted to \$9,541,667, \$2,069,334 and \$1,267,230, respectively. The delinquent tax fund had an increase in net assets for the year of \$1,401,336, whereas the other enterprise funds had an increase of \$141,633 and the internal service funds had a decrease of \$1,141,855. Other factors concerning the finances of the delinquent tax fund have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

General fund revenues (including transfers in) increased by \$0.7 million (.7%) from the original to the final budget. Over half of the adjustment was attributable to an increase in the budget amount of \$373,157 for other financing sources. During 2007, the County identified certain funds (indigent care and mental health housing) that were no longer being used, and therefore the fund balances were moved into the general fund and the funds were closed. There was also a budget increase of \$307,805 for drug case management reimbursements and for contributions from local entities in support of Medicaid ICA-based DSH payments to area hospitals. These funds are leveraged to increase indigent health care funding in the community. A corresponding adjustment was also made to transfers out for the Medicaid disproportionate share hospital (DSH) payments. In addition, there was an increase in the budget amount of \$50,000 for licenses and permits for drain inspection fees. Finally, other small increases (property tax) and decreases (charges for services) in revenues also took place.

There was a corresponding \$0.7 million net increase (.7%) between the original and final amended expenditure budget (including transfers out). The budget amount for public safety activities increased \$1.9 million for jail overcrowding (\$1.7 million) and a nominal increase for prosecuting attorney activities (\$153,638) for personnel services and extradition costs. The County held \$700,000 in contingency for the sheriff and jail because of the history of overcrowding and the increased costs associated with it. There was a budget increase of \$516,295 for judicial activities for trial court (attorney fees and personal services), district court (interpreter/witness fees and personal services) and public defender (personal services) operations. There was a budget increase of \$265,307 for social services activities, due to human services agency contracts. There was a net budget increase of \$191,211 for general government activities in the areas administration (\$169,650), planning (\$104,399), human resources (\$102,028), finance (\$76,676), treasurer (\$41,765) and drain commissioner (\$38,246) primarily for consultants and contracts and personal services. There were budget decreases of \$183,707 for information technology (hardware/software maintenance and personal services) and \$136,213 for clerk/register of deeds (consultants and contracts). Other small increases and decreases in expenditures also took place.

It should be noted that there was a \$3.7 million decrease in the other financial uses budget for transfers out which partially offset the needed budget increases discussed above, after the use of jail medical costs reserves allocated to the sheriff department. In addition, there was a \$1.5 million budget increase in the other unallocated expenditure category because certain budgeted transfers out were not made during 2007. Other unallocated expenditures were designated as transfers out in the original budget, then reclassified later in the year as other services and charges, and have final budget amounts in that expenditure category, but no original budget amounts.

Overall during the year, actual general fund revenues, including other financing sources, were more than the final budget. Actual general fund expenditures, including other financing uses, were more than the final budget, particularly for the information technology department which was largely over budget because of the accounting for capital leases that were entered into during the year (for which the other financing source and related expenditure had not been budgeted although the transaction was approved by the Board of Commissioners). Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$237,908, which was less than the final amended budget amount of \$250,000.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of December 31, 2007, amounted to \$128,424,119 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 4.2 percent. The County's business-type activities have a nominal investment in capital assets in the amount of \$17,841 (net of accumulated depreciation) as of December 31, 2007.

Major capital asset events during the current fiscal year included the following:

- The County acquired land in the amount of \$2.7 million. The Parks and Recreation Fund purchased land totaling \$2.1 million under the Natural Areas Preservation Program; the Building Authority purchased land in Saline in the amount of \$0.6 million for a new district court building to be construction during 2008 and 2009.
- Construction in progress at year end amounted to \$3,293,607. The County has active construction projects that include parks and recreation's maintenance operations building, and capital projects that include construction of a new district court, enhancement to the emergency communications system and jail construction and improvements.
- The County sold community support and treatment services homes (buildings) during the year resulting in a net decrease to capital assets of \$1.9 million.
- Other capital improvements, including landscaping and parking lot improvements, resulted in a net increase to capital assets of approximately \$350,000.
- Machinery and equipment as of the close of the fiscal year had a balance of \$6.0 million. The increase of \$1.3 million from the prior year is a result of a higher amount of new purchases (primarily consisting of information and technology equipment, copiers and vehicles) than disposals.

Washtenaw County's Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 27,547,626	\$ 24,854,169	\$ -	\$ -	\$ 27,547,626	\$ 24,854,169
Construction in progress	3,293,607	627,212	-	-	3,293,607	627,212
Buildings	81,626,430	83,484,895	-	-	81,626,430	83,484,895
Improvements other than buildings	9,992,517	9,641,094	-	-	9,992,517	9,641,094
Machinery and equipment	5,963,939	4,829,601	17,841	-	5,981,780	4,829,601
Total	\$ 128,424,119	\$ 123,436,971	\$ 17,841	\$ -	\$ 128,441,960	\$ 123,436,971

Additional information on the County's capital assets can be found in note III.C on pages 61-64 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$91,870,000. This entire amount comprises debt backed by the full faith and credit of the County.

Washtenaw County's Outstanding Debt
General Obligation

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 73,870,000	\$ 56,400,000	\$ -	\$ -	\$ 73,870,000	\$ 56,400,000
Delinquent tax notes	-	-	18,000,000	12,000,000	18,000,000	12,000,000
Total	\$ 73,870,000	\$ 56,400,000	\$ 18,000,000	\$ 12,000,000	\$ 91,870,000	\$ 68,400,000

The County's total debt increased by \$23,470,000 (34 percent) during the current fiscal year. The County retired debt of \$4,205,000 in general obligation bonds and \$12,000,000 in delinquent tax notes during 2007.

The only new borrowing during the year was \$21,675,000 in general obligation bonds for governmental activities for capital improvement bonds and \$18,000,000 in delinquent tax notes for business-type activities. Debt service requirements for general obligation bonds of \$5,050,000 and interest of \$2,776,484 are payable during 2008. The principal payment for delinquent tax notes of \$18,000,000 and an interest payment of \$887,555 are due February 7, 2008.

The County has an "Aa2" rating for both general obligation bonds and tax notes from Moody's. The County has an "AA+" rating for both general obligation bonds and tax notes from Standard & Poor's. Finally, the County has a "F1+" rating for general obligation tax notes from Fitch.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for the County is \$1,933,095,190 which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in note III.G on pages 68-72 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's biennial budget for the 2008 and 2009 fiscal years:

- The Michigan economic downturn and stock market declines have a continuing impact on the County's fiscal operations. Stock market declines have increased the County's funding obligation for its defined benefit pension plans. This trend will continue during 2008, but beginning January 1, 2009, and as contracts are ratified by the County's union groups, all current and new employees will enter this retirement system that will provide "new" and ongoing funding that may lower the County's obligation into the future.
- The County is currently in labor negotiations with the various union groups and has been working around the following parameters to negotiate a contract agreeable to all, as well as achieve long-term fiscal stability and ensuring that agreements balance. Negotiations are focusing on five and ten year financial projections, a move to a defined benefit pension program, cost savings through a number of alternative benefit options, and annual increases limited to zero to three percent.
- The unemployment rate for the County is currently 4.9%, slightly higher than a year ago. This compares favorably to the state's average unemployment rate of 7.2% and has just peaked over the national average rate of 4.6% for the first time in over a decade.
- Michigan has two constitutional laws that limit property tax growth to the rate of inflation or a maximum allowable increase in an assessment of 5.0%, whichever is smaller. For the 2008/2009 budget the applicable inflation rate is only 2.3%. Therefore, due to the laws that limit growth, the economy and housing market decline, property tax revenues are budgeted to remain flat with no increase in 2008 or 2009.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past four years and is projected to continue into the future, at least until 2009. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2005/06 State revenue sharing payments adjusted for inflation.
- The County has committed to maintaining a general fund balance that is at least 8.0% of operating expenditures.
- Financial trends in the region compare favorably to national indices. Analysis of revenue, expenditure, operating position, debt structure, unfunded liabilities, condition of capital plant, and community needs and resources indicators are examined across time to provide a framework for objective investigation.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Washtenaw County Finance Department, 220 North Main Street, P.O. Box 8645, Ann Arbor, Michigan 48107-8645.



Basic Financial Statements



Government-wide Financial Statements

WASHTENAW COUNTY
Statement of Net Assets
December 31, 2007

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
Assets				
Cash and pooled investments	\$ 132,120,648	\$ 15,299,521	\$ 147,420,169	\$ 21,614,995
Receivables, net	28,771,619	16,942,589	45,714,208	48,156,799
Internal balances	1,841,352	(1,841,352)	-	-
Prepaid items and other assets	3,305,700	-	3,305,700	1,365,224
Capital assets not being depreciated	30,841,233	-	30,841,233	25,103,862
Capital assets being depreciated, net	97,582,886	17,841	97,600,727	194,071,747
Total assets	<u>294,463,438</u>	<u>30,418,599</u>	<u>324,882,037</u>	<u>290,312,627</u>
Liabilities				
Accounts payable and accrued expenses	9,454,128	7,478	9,461,606	13,146,767
Accrued interest payable	630,546	766,830	1,397,376	309,492
Unearned revenue	14,616,109	-	14,616,109	-
Net other postemployment benefit liability	2,311,907	-	2,311,907	153,281
Long-term liabilities:				
Due within one year	7,196,760	18,004,010	25,200,770	4,752,907
Due in more than one year	81,026,086	11,439	81,037,525	42,527,778
Total liabilities	<u>115,235,536</u>	<u>18,789,757</u>	<u>134,025,293</u>	<u>60,890,225</u>
Net assets				
Invested in capital assets, net of related debt	96,616,753	17,841	96,634,594	208,175,854
Restricted for:				
Debt service	864,557	-	864,557	1,507,938
Capital projects	9,845,458	-	9,845,458	9,846,096
Other purposes	400,515	-	400,515	-
Unrestricted	71,500,619	11,611,001	83,111,620	9,892,514
Total net assets	<u>\$ 179,227,902</u>	<u>\$ 11,628,842</u>	<u>\$ 190,856,744</u>	<u>\$ 229,422,402</u>

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Activities
Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 576,094	\$ -	\$ -	\$ -	\$ (576,094)
Judicial	25,458,987	4,391,210	6,868,970	-	(14,198,807)
General government	22,617,109	5,271,252	2,016,086	16,332	(15,313,439)
Public safety	51,217,621	12,470,668	3,019,254	411,685	(35,316,014)
Public works	757,558	-	547,684	-	(209,874)
Health	41,041,193	3,872,437	29,962,078	-	(7,206,678)
Social services	31,556,019	625,262	21,100,691	-	(9,830,066)
Culture and recreation	8,995,250	3,228,112	244,452	-	(5,522,686)
Interest on long-term debt	2,878,426	-	-	-	(2,878,426)
Total governmental activities	185,098,257	29,858,941	63,759,215	428,017	(91,052,084)
Business-type activities:					
Delinquent tax collection	1,356,027	3,722,455	-	-	2,366,428
Property foreclosure	408,209	449,036	-	-	40,827
Principal residence exemption	29,259	13,923	-	-	(15,336)
Total business-type activities	1,793,495	4,185,414	-	-	2,391,919
Total primary government	\$ 186,891,752	\$ 34,044,355	\$ 63,759,215	\$ 428,017	\$ (88,660,165)
Component units					
Department of Public Works Projects	\$ 1,954,708	\$ -	\$ -	\$ 1,917,563	\$ (37,145)
Drain Commissioner	1,568,778	207,424	-	3,657,407	2,296,053
Hazardous Materials Response Authority	104,359	29,180	19,464	-	(55,715)
Road Commission	27,293,695	-	49,647,414	-	22,353,719
Total component units	\$ 30,921,540	\$ 236,604	\$ 49,666,878	\$ 5,574,970	\$ 24,556,912

Continued...

WASHTENAW COUNTY
Statement of Activities (concluded)
Year Ended December 31, 2007

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Changes in net assets				
Net (expense) revenue	\$ (91,052,084)	\$ 2,391,919	\$ (88,660,165)	\$ 24,556,912
General revenues:				
Property taxes	86,549,856	-	86,549,856	-
Grants and contributions not restricted to specific programs	544,946	-	544,946	-
Unrestricted investment earnings	6,575,702	825,864	7,401,566	1,104,764
Transfers - internal activities	1,622,955	(1,674,814)	(51,859)	-
Total general revenues and transfers	95,293,459	(848,950)	94,444,509	1,104,764
Change in net assets	4,241,375	1,542,969	5,784,344	25,661,676
Net assets, beginning of year, as restated	174,986,527	10,085,873	185,072,400	203,760,726
Net assets, end of year	\$ 179,227,902	\$ 11,628,842	\$ 190,856,744	\$ 229,422,402

The accompanying notes are an integral part of these financial statements.



Fund Financial Statements

WASHTENAW COUNTY
Balance Sheet - Governmental Funds
December 31, 2007

	<u>General</u>	<u>Community Support & Treatment Services</u>	<u>Parks and Recreation</u>	<u>Revenue Sharing Reserve</u>	<u>Enhanced Emergency Communication System Millage</u>
<u>ASSETS</u>					
Assets					
Cash and pooled investments	\$ 3,858,970	\$ 1,331,006	\$ 24,979,672	\$ 36,891,418	\$ 850,914
Receivables:					
Taxes - current	2,231,968	-	10,938,072	-	3,068,613
Taxes - delinquent	200,988	-	-	-	-
Accounts	510,754	679,278	-	-	-
Interfund receivable	-	-	-	-	-
Due from other funds	1,841,352	-	-	-	-
Due from other governments	1,185,021	20,589	-	-	-
Notes receivable	-	-	-	-	-
Advances to other funds	96,321	-	-	-	-
Prepaid items	1,080,015	22,171	-	-	-
	<u>1,080,015</u>	<u>22,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 11,005,389</u>	<u>\$ 2,053,044</u>	<u>\$ 35,917,744</u>	<u>\$ 36,891,418</u>	<u>\$ 3,919,527</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts payable	\$ 398,361	\$ 247,341	\$ 240,437	\$ -	\$ -
Accrued liabilities	1,748,659	759,237	90,367	-	-
Due to other governments	-	-	-	-	-
Interfund payable	-	-	-	-	-
Deferred revenue	200,988	-	10,943,882	-	3,068,613
Advances from other governments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,348,008</u>	<u>1,006,578</u>	<u>11,274,686</u>	<u>-</u>	<u>3,068,613</u>
Fund balances					
Reserved:					
Reserved for land acquisition	-	-	7,824,893	-	-
Reserved for long-term advances	96,321	-	-	-	-
Reserved for prepaid items	1,080,015	22,171	-	-	-
Unreserved:					
Undesignated	7,481,045	1,024,295	16,818,165	36,891,418	850,914
Undesignated, reported in nonmajor:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>8,657,381</u>	<u>1,046,466</u>	<u>24,643,058</u>	<u>36,891,418</u>	<u>850,914</u>
<u>LIABILITIES AND FUND BALANCES</u>	<u>\$ 11,005,389</u>	<u>\$ 2,053,044</u>	<u>\$ 35,917,744</u>	<u>\$ 36,891,418</u>	<u>\$ 3,919,527</u>

The accompanying notes are an integral part of these financial statements.

County Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 54,571,745	\$ 5,869,862	\$ 128,353,587
-	-	16,238,653
-	-	200,988
12,755	571,439	1,774,226
2,901,728	-	2,901,728
-	-	1,841,352
-	6,054,669	7,260,279
-	195,799	195,799
81,466	-	177,787
133,039	33,758	1,268,983
<u>\$ 57,700,733</u>	<u>\$ 12,725,527</u>	<u>\$ 160,213,382</u>

\$ 77,933	\$ 739,707	\$ 1,703,779
-	880,195	3,478,458
-	814,903	814,903
-	2,901,728	2,901,728
-	402,626	14,616,109
-	83,200	83,200
<u>77,933</u>	<u>5,822,359</u>	<u>23,598,177</u>

-	-	7,824,893
81,466	-	177,787
133,039	33,758	1,268,983
57,408,295	-	120,474,132
-	4,834,805	4,834,805
-	14,040	14,040
-	2,020,565	2,020,565
<u>57,622,800</u>	<u>6,903,168</u>	<u>136,615,205</u>
<u>\$ 57,700,733</u>	<u>\$ 12,725,527</u>	<u>\$ 160,213,382</u>

WASHTENAW COUNTY
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
December 31, 2007

Fund balances - total governmental funds	\$ 136,615,205
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	169,626,601
Deduct - accumulated depreciation	(44,061,663)

Other long-term assets are not available to pay for current-period expenditures and therefore are not recorded in the funds.	2,659,456
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Discounts and premiums on bonds are reported as other financing uses or sources in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable).

Add - bond discounts	37,500
Deduct - bond premiums	(518,618)

Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized for net assets.	1,137,386
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Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable).	1,037,445
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Internal service funds are used by management to charge the costs of certain activities such as insurance, worker's compensation, and building occupancy and maintenance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,056,090
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds, notes and capital leases payable	(74,932,838)
Deduct - accrued interest on bonds payable	(630,546)
Deduct - other postemployment benefit obligation	(2,311,907)
Deduct - accrued compensated absences and other long-term liabilities	(13,486,209)

Net assets of governmental activities	\$ 179,227,902
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The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2007

	General	Community Support & Treatment Services	Parks and Recreation	Revenue Sharing Reserve	Enhanced Emergency Communication System Millage
Revenues					
Taxes	\$ 72,803,650	\$ -	\$ 10,580,404	\$ -	\$ 2,967,474
Licenses and permits	271,202	-	-	-	-
Intergovernmental	5,524,930	20,415,479	-	-	-
Charges for services	17,331,774	524,250	3,224,613	-	-
Fines and forfeits	1,141,280	-	-	-	-
Investment income	1,429,478	-	1,407,103	14,613	16,764
Other	974,130	523,828	152,307	-	-
Total revenues	99,476,444	21,463,557	15,364,427	14,613	2,984,238
Expenditures					
Current:					
Legislative	560,972	-	-	-	-
Judicial	17,316,916	-	-	-	-
General government	14,244,201	-	-	-	-
Public safety	43,786,137	-	-	-	-
Public works	-	-	-	-	-
Health	-	22,449,779	-	-	-
Social services	1,519,638	-	-	-	-
Culture and recreation	667,590	-	9,851,077	-	-
Other	5,873,564	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	83,969,018	22,449,779	9,851,077	-	-
Revenues over (under) expenditures	15,507,426	(986,222)	5,513,350	14,613	2,984,238
Other financing sources (uses)					
Issuance of bonds	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Capital leases	695,122	-	-	-	-
Transfers in	7,390,700	986,224	-	-	-
Transfers out	(23,355,340)	-	-	(6,140,045)	(2,133,324)
Total other sources (uses)	(15,269,518)	986,224	-	(6,140,045)	(2,133,324)
Net change in fund balances	237,908	2	5,513,350	(6,125,432)	850,914
Fund balances -					
Beginning of year, as restated	8,419,473	1,046,464	19,129,708	43,016,850	-
End of year	\$ 8,657,381	\$ 1,046,466	\$ 24,643,058	\$ 36,891,418	\$ 850,914

The accompanying notes are an integral part of these financial statements.

County Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 198,328	\$ 86,549,856
-	2,282,716	2,553,918
117,201	34,127,750	60,185,360
396,137	3,997,862	25,474,636
-	63,845	1,205,125
3,180,107	286,054	6,334,119
556,898	3,591,496	5,798,659
<u>4,250,343</u>	<u>44,548,051</u>	<u>188,101,673</u>
-	-	560,972
-	6,946,466	24,263,382
-	320,592	14,564,793
-	5,709,702	49,495,839
-	743,454	743,454
-	16,788,622	39,238,401
-	28,605,140	30,124,778
-	944,267	11,462,934
-	-	5,873,564
-	4,224,476	4,224,476
-	2,603,594	2,603,594
521,544	-	521,544
<u>6,267,156</u>	<u>644,189</u>	<u>6,911,345</u>
<u>6,788,700</u>	<u>67,530,502</u>	<u>190,589,076</u>
<u>(2,538,357)</u>	<u>(22,982,451)</u>	<u>(2,487,403)</u>
21,675,000	-	21,675,000
125,147	-	125,147
-	-	695,122
7,683,809	25,084,489	41,145,222
<u>(6,288,725)</u>	<u>(1,595,234)</u>	<u>(39,512,668)</u>
<u>23,195,231</u>	<u>23,489,255</u>	<u>24,127,823</u>
20,656,874	506,804	21,640,420
<u>36,965,926</u>	<u>6,396,364</u>	<u>114,974,785</u>
<u>\$ 57,622,800</u>	<u>\$ 6,903,168</u>	<u>\$ 136,615,205</u>

WASHTENAW COUNTY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2007

Net change in fund balances - total governmental funds **\$ 21,640,420**

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	9,148,062
Deduct - depreciation expense	(4,012,402)
Deduct - loss on disposal of capital assets	(227,714)

Revenues in the statement of activities that do not provide current resources are not reported as revenues in the funds.	(435,226)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Deduct - bond proceeds	(21,675,000)
Add - bond issuance costs	521,544
Deduct - premium on bonds	(125,147)
Add - principal payments on long-term liabilities	4,224,476
Add - principal payments on capital leases	175,414
Deduct - capital lease proceeds	(695,122)

Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for purposes of net assets:

Deduct - Accrued interest expense	(104,577)
Deduct - Amortization of bond issuance costs	(91,848)
Deduct - Amortization of discount on bonds	(2,500)
Add - Amortization of premium on bonds	55,443
Deduct - Amortization of deferred loss on refunding	(120,459)

Internal service funds are used by management to charge the costs of certain activities such as insurance, workers' compensation, and building occupancy and maintenance to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Deduct - net operating income from governmental activities in internal service funds	(1,287,325)
Add - interest revenue from governmental internal service funds	241,583
Deduct - net loss on disposal of capital assets in governmental internal service funds	(75,623)
Deduct - interest expense and fiscal charges from governmental internal service funds	(10,891)
Deduct - net transfer from governmental internal service fund to debt service fund	(9,599)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in other postemployment benefit obligation	(2,311,907)
Deduct - increase in accrual for accrued compensated absences	(580,227)

Change in net assets of governmental activities	\$ 4,241,375
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The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2007

	Budget			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 72,462,117	\$ 72,487,117	\$ 72,803,650	\$ 316,533
Licenses and permits	123,200	173,200	271,202	98,002
Intergovernmental	5,054,741	5,362,546	5,524,930	162,384
Charges for services	18,319,318	18,286,318	17,331,774	(954,544)
Fines and forfeits	1,262,100	1,262,100	1,141,280	(120,820)
Investment income	754,400	754,400	1,429,478	675,078
Other	887,606	887,115	974,130	87,015
Total revenues	98,863,482	99,212,796	99,476,444	263,648
Expenditures				
Legislative -				
Board of commissioners	571,065	571,065	560,972	10,093
Judicial:				
Circuit court	4,615,881	4,669,621	4,622,028	47,593
District court	5,037,491	5,199,113	5,239,787	(40,674)
Probate court	1,065,681	1,090,271	1,224,950	(134,679)
Probate court - juvenile	3,056,931	3,223,998	3,165,149	58,849
Probation department	145,272	145,272	127,876	17,396
Public defender	2,824,718	2,933,994	2,937,126	(3,132)
Total judicial	16,745,974	17,262,269	17,316,916	(54,647)
General government:				
Information technology	7,042,609	6,858,902	7,689,682	(830,780)
Building authority	7,697	7,697	5,797	1,900
Clerk / Register	5,001,019	4,864,801	4,893,059	(28,258)
Human resources	1,802,110	1,904,138	1,847,553	56,585
Drain commissioner	2,486,251	2,524,497	2,477,618	46,879
Equalization	1,502,644	1,518,667	1,513,679	4,988
Planning	1,916,069	2,020,468	1,928,908	91,560
Finance	3,089,380	3,166,060	3,176,026	(9,966)
Corporation counsel	249,372	256,716	258,266	(1,550)
Treasurer	1,234,838	1,276,603	1,251,552	25,051
Administrator	999,747	1,169,397	1,150,728	18,669
Allocated to other departments	(11,901,083)	(11,946,083)	(11,948,667)	2,584
Total general government	13,430,653	13,621,864	14,244,201	(622,337)

Continued...

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Continued)
General Fund
Year Ended December 31, 2007

	Budget			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Public safety:				
Emergency management	\$ 449,240	\$ 457,158	\$ 461,343	\$ (4,185)
Sheriff	35,976,210	37,713,976	37,861,262	(147,286)
Prosecuting attorney	5,256,183	5,409,821	5,463,532	(53,711)
Total public safety	41,681,633	43,580,955	43,786,137	(205,182)
Social services:				
Children's services	605,807	871,114	788,916	82,198
Veterans counselor	711,883	711,883	730,722	(18,839)
Total social services	1,317,690	1,582,997	1,519,638	63,359
Culture - county extension	682,942	689,746	667,590	22,156
Other unallocated expenditures	4,134,616	5,651,187	5,873,564	(222,377)
Total expenditures	78,564,573	82,960,083	83,969,018	(1,008,935)
Revenues over expenditures	20,298,909	16,252,713	15,507,426	(745,287)
Other financing sources (uses)				
Capital leases	-	-	695,122	695,122
Transfers in	7,019,415	7,392,572	7,390,700	(1,872)
Transfers out	(27,068,324)	(23,395,286)	(23,355,340)	39,946
Total other sources (uses)	(20,048,909)	(16,002,713)	(15,269,518)	733,195
Net change in fund balance	250,000	250,000	237,908	(12,092)
Fund balance, beginning of year, as restated	8,419,473	8,419,473	8,419,473	-
Fund balance, end of year	\$ 8,669,473	\$ 8,669,473	\$ 8,657,381	\$ (12,092)

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Community Support & Treatment Services
Special Revenue Fund
Year Ended September 30, 2007

	Budget			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 20,880,402	\$ 20,880,403	\$ 20,415,479	\$ (464,924)
Charges for services	932,890	932,890	524,250	(408,640)
Other	501,200	501,200	523,828	22,628
Total revenues	22,314,492	22,314,493	21,463,557	(850,936)
Expenditures				
Health	24,946,443	24,946,444	22,449,779	2,496,665
Revenues over (under) expenditures	(2,631,951)	(2,631,951)	(986,222)	1,645,729
Other financing sources				
Transfers in	2,480,930	2,480,930	986,224	(1,494,706)
Net change in fund balance	(151,021)	(151,021)	2	151,023
Fund balance, beginning of year	1,046,464	1,046,464	1,046,464	-
Fund balance, end of year	\$ 895,443	\$ 895,443	\$ 1,046,466	\$ 151,023

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Parks and Recreation Special Revenue Fund
Year Ended December 31, 2007

	Budget			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 9,926,195	\$ 9,926,195	\$ 10,580,404	\$ 654,209
Charges for services	3,085,400	3,085,400	3,224,613	139,213
Investment income	298,000	298,000	1,407,103	1,109,103
Other	2,000	2,000	152,307	150,307
Total revenues	13,311,595	13,311,595	15,364,427	2,052,832
Expenditures				
Culture and recreation	13,311,595	13,311,595	9,851,077	3,460,518
Net change in fund balance	-	-	5,513,350	5,513,350
Fund balance, beginning of year	19,129,708	19,129,708	19,129,708	-
Fund balance, end of year	\$ 19,129,708	\$ 19,129,708	\$ 24,643,058	\$ 5,513,350

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Revenue Sharing Reserve Fund
Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 19,506,856	\$ 19,506,856	\$ -	\$ (19,506,856)
Investment income	1,161,445	1,161,445	14,613	(1,146,832)
Total revenues	20,668,301	20,668,301	14,613	(20,653,688)
Other financing uses				
Transfers out	(6,116,361)	(6,116,361)	(6,140,045)	(23,684)
Net change in fund balance	14,551,940	14,551,940	(6,125,432)	(20,677,372)
Fund balance, beginning of year	43,016,850	43,016,850	43,016,850	-
Fund balance, end of year	\$ 57,568,790	\$ 57,568,790	\$ 36,891,418	\$ (20,677,372)

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Enhanced Emergency Communication System Millage
Special Revenue Fund
Year Ended December 31, 2007

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	\$ 3,071,984	\$ 2,967,474	\$ (104,510)
Investment income	-	-	16,764	16,764
Total revenues	-	3,071,984	2,984,238	(87,746)
Other financing sources				
Transfers out	-	(2,206,198)	(2,133,324)	72,874
Net change in fund balance	-	865,786	850,914	(14,872)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 865,786	\$ 850,914	\$ (14,872)

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY

Statement of Net Assets

Proprietary Funds

December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental
	Delinquent Tax Revolving	Other Enterprise Funds	Total	Activities - Internal Service Funds
Assets				
Current assets:				
Cash and pooled investments	\$ 13,209,562	\$ 2,089,959	\$ 15,299,521	\$ 3,767,061
Receivables:				
Delinquent taxes	14,423,920	-	14,423,920	-
Interest and collection fees	2,488,669	-	2,488,669	-
Accounts	-	-	-	379,600
Due from other governments	-	-	-	62,618
Due from component units	30,000	-	30,000	-
Inventories	-	-	-	98,875
Prepaid items	-	-	-	800,456
Total current assets	30,152,151	2,089,959	32,242,110	5,108,610
Noncurrent assets -				
Capital assets, net	-	17,841	17,841	2,859,181
Total assets	30,152,151	2,107,800	32,259,951	7,967,791
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	529,300
Accrued liabilities	2,302	5,176	7,478	2,844,488
Due to other funds	1,841,352	-	1,841,352	-
Interest payable	766,830	-	766,830	-
Accrued compensated absences, current portion	-	4,010	4,010	-
General obligation notes payable	18,000,000	-	18,000,000	-
Total current liabilities	20,610,484	9,186	20,619,670	3,373,788
Long-term liabilities:				
Accrued compensated absences	-	11,439	11,439	360,126
Advances from other funds	-	-	-	177,787
Total long-term liabilities	-	11,439	11,439	537,913
Total liabilities	20,610,484	20,625	20,631,109	3,911,701
Net assets				
Invested in capital assets	-	17,841	17,841	2,788,860
Unrestricted	9,541,667	2,069,334	11,611,001	1,267,230
Total net assets	\$ 9,541,667	\$ 2,087,175	\$ 11,628,842	\$ 4,056,090

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Revenues, Expenses and
Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Delinquent Tax Revolving	Other Enterprise Funds	Total	
Operating revenues				
Charges for services	\$ 227	\$ 449,036	\$ 449,263	\$ 34,439,564
Investment income	2,537,957	13,923	2,551,880	-
Collection fees on taxes	1,184,271	-	1,184,271	-
Total operating revenues	3,722,455	462,959	4,185,414	34,439,564
Operating expenses				
Personnel services	96,436	248,685	345,121	3,027,422
Contractual services	68,477	56,203	124,680	940,203
Supplies	-	35,307	35,307	1,654,024
Occupancy	-	-	-	2,718,036
Telephone	-	1,330	1,330	433,904
Equipment repair and rental	-	1,295	1,295	531,237
Building repair and rental	-	-	-	373,200
Benefits and insurance premiums	-	-	-	23,812,260
Other	-	91,081	91,081	1,321,507
Depreciation	-	3,567	3,567	915,096
Total operating expenses	164,913	437,468	602,381	35,726,889
Operating income (loss)	3,557,542	25,491	3,583,033	(1,287,325)
Non-operating income (expense)				
Investment earnings	709,722	116,142	825,864	241,583
Interest expense and fiscal charges	(1,191,114)	-	(1,191,114)	(10,891)
Loss on disposal of equipment	-	-	-	(75,623)
Total non-operating income (expense)	(481,392)	116,142	(365,250)	155,069
Income (loss) before transfers	3,076,150	141,633	3,217,783	(1,132,256)
Transfers in	-	-	-	86,000
Transfers out	(1,674,814)	-	(1,674,814)	(95,599)
Change in net assets	1,401,336	141,633	1,542,969	(1,141,855)
Net assets, beginning of year	8,140,331	1,945,542	10,085,873	5,197,945
Net assets, end of year	<u>\$ 9,541,667</u>	<u>\$ 2,087,175</u>	<u>\$ 11,628,842</u>	<u>\$ 4,056,090</u>

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Delinquent Tax Revolving	Other Enterprise Funds	Total	
Cash flows from operating activities				
Cash received from customers	\$ 26,188,901	\$ 462,959	\$ 26,651,860	\$ 129,099
Cash received from interfund services	-	-	-	35,760,758
Cash payments for delinquent taxes	(26,528,361)	-	(26,528,361)	-
Cash payments to employees	(95,990)	(243,714)	(339,704)	(3,111,086)
Cash payments to suppliers	(68,477)	(185,216)	(253,693)	(30,516,132)
Cash payments for interfund services	-	-	-	(1,551,365)
Net cash provided (used) by operating activities	(503,927)	34,029	(469,898)	711,274
Cash flows from noncapital financing activities				
Transfers in	-	-	-	86,000
Transfers out	(1,674,814)	-	(1,674,814)	(95,599)
Advances from other funds	-	-	-	36,718
Proceeds from issuing long term debt	18,000,000	-	18,000,000	-
Principal paid on long term debt	(12,000,000)	-	(12,000,000)	-
Interest paid on long term debt	(935,300)	-	(935,300)	-
Net cash provided (used) by noncapital financing activities	3,389,886	-	3,389,886	27,119
Cash flows from capital and related financing activities				
Proceeds from sale of equipment	-	-	-	168,172
Payments for equipment acquisitions	-	(21,408)	(21,408)	(1,238,092)
Net cash used by capital and related financing activities	-	(21,408)	(21,408)	(1,069,920)
Cash flows from investing activities				
Investment earnings	709,722	116,142	825,864	230,692
Net increase (decrease) in cash and cash equivalents	3,595,681	128,763	3,724,444	(100,835)
Cash and cash equivalents, beginning of year	9,613,881	1,961,196	11,575,077	3,867,896
Cash and cash equivalents, end of year	\$ 13,209,562	\$ 2,089,959	\$ 15,299,521	\$ 3,767,061

Continued...

WASHTENAW COUNTY
Statement of Cash Flows (concluded)
Proprietary Funds
Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Delinquent Tax Revolving	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 3,557,542	\$ 25,491	\$ 3,583,033	\$ (1,287,325)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	3,567	3,567	915,096
Changes in assets and liabilities:				
Receivables	(5,873,266)	-	(5,873,266)	9,357
Interfund receivable	-	-	-	104,774
Due from other funds	-	-	-	2,380,000
Due from other governments	(30,000)	-	(30,000)	(55,582)
Inventories	-	-	-	41,931
Prepaid items	-	-	-	6,225
Accounts payable	-	-	-	218,509
Accrued liabilities	445	1,108	1,553	642,149
Due to other funds	1,841,352	-	1,841,352	(2,214,999)
Interfund payable	-	-	-	(51,802)
Unearned revenue	-	-	-	(18,670)
Accrued compensated absences	-	3,863	3,863	21,611
Net cash provided (used) by operating activities	<u>\$ (503,927)</u>	<u>\$ 34,029</u>	<u>\$ (469,898)</u>	<u>\$ 711,274</u>

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	Pension and Other Employee Benefit Trust Funds	Agency Fund
Assets		
Cash and pooled investments	\$ 1,102,323	\$ 17,525,925
Investments, at fair value:		
Equities	96,595,497	-
United States treasuries	1,371,566	-
United States treasury strips	10,568,017	-
United States agencies	21,621,680	-
Corporate securities	16,956,796	-
Mutual funds	124,880,722	-
Money market funds	9,586,823	-
Accounts receivable	52,061	-
Accrued interest and dividends	461,097	-
	<hr/>	<hr/>
Total assets	283,196,582	\$ 17,525,925
	<hr/>	<hr/>
Liabilities		
Accounts payable	192,514	\$ -
Accrued liabilities	227,770	-
Undistributed receipts	-	17,525,925
	<hr/>	<hr/>
Total liabilities	420,284	\$ 17,525,925
	<hr/>	<hr/>
Net assets		
Held in trust for pension and other employee benefits	<u>\$ 282,776,298</u>	

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2007

Additions

Investment income:

From investing activities:

Net appreciation in fair value of investments	\$ 12,216,635
Interest and dividends	9,853,002
Investment management fees	(864,116)
Net income from investing activities	<u>21,205,521</u>

From securities lending activities:

Gross earnings	1,389,493
Borrower rebates	(1,299,848)
Securities fees	(35,858)
Net income from securities lending activities	<u>53,787</u>

Total net investment income	<u>21,259,308</u>
-----------------------------	-------------------

Contributions:

Employer	19,306,662
Employees	4,019,004
On behalf - federal Medicare Part D subsidy	<u>282,328</u>

Total contributions	<u>23,607,994</u>
---------------------	-------------------

Other additions	<u>27,022</u>
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Total additions	<u>44,894,324</u>
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Deductions

Participant benefits	24,617,968
Participant refunds	34,573
Administrative expenses	<u>667,591</u>

Total deductions	<u>25,320,132</u>
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Net additions (deductions) to net assets held in trust

Employees' pension benefits	\$ 12,841,527
Postemployment healthcare benefits	6,608,068
Other employee benefits	<u>124,597</u>

Total net additions to net assets held in trust	19,574,192
---	------------

Net assets held in trust for benefits, beginning of year	<u>263,202,106</u>
--	--------------------

Net assets held in trust for benefits, end of year

Restricted for employees' pension benefits	231,504,125
Restricted for employees' postemployment healthcare benefits	50,360,109
Restricted for other employees' benefits	<u>912,064</u>

Total net assets held in trust for benefits, end of year	<u>\$ 282,776,298</u>
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The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Combining Statement of Net Assets
Component Units
December 31, 2007

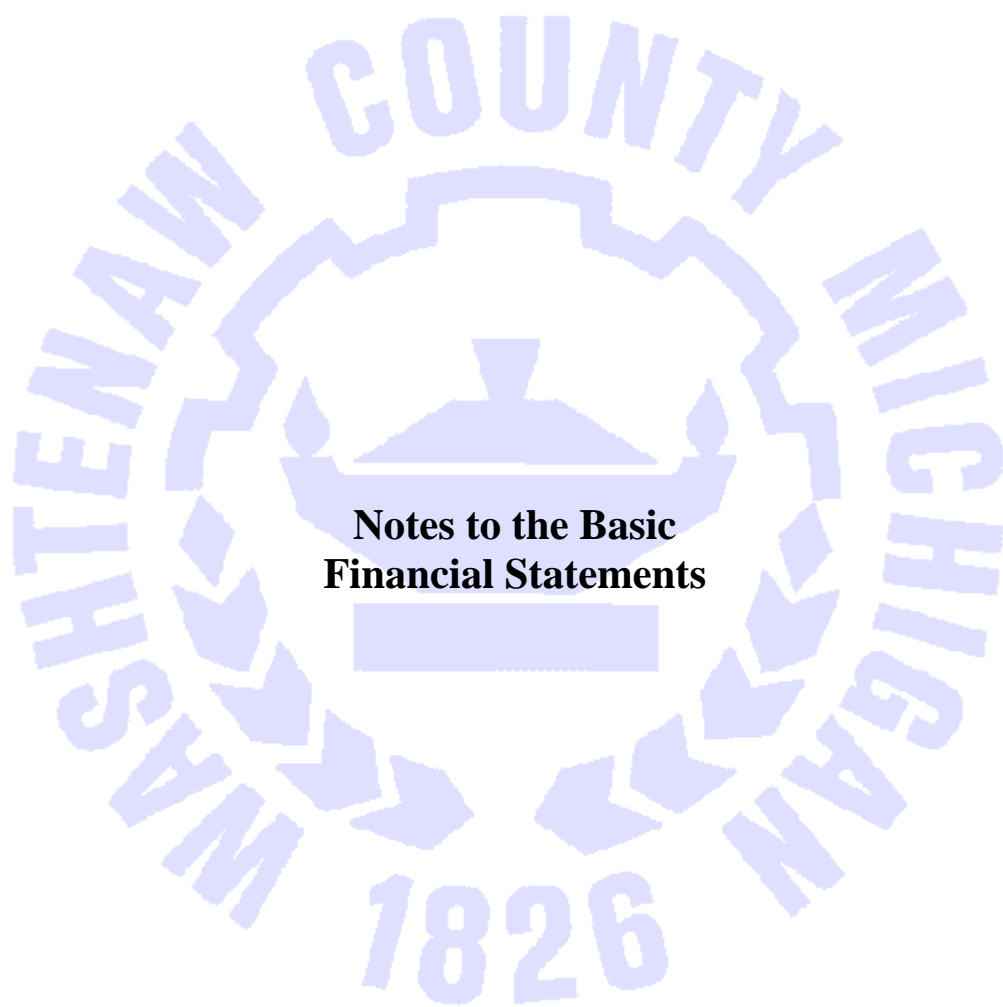
	Department of Public Works Projects	Drain Commissioner	Hazardous Materials Response Authority	Road Commission	Total
Assets					
Cash and pooled investments	\$ 2,140,481	\$ 9,188,135	\$ 109,114	\$ 10,177,265	\$ 21,614,995
Receivables, net	37,621,782	6,584,803	-	3,950,214	48,156,799
Prepaid items and other assets	348,160	69,598	-	947,466	1,365,224
Capital assets not being depreciated	-	1,998,903	-	23,104,959	25,103,862
Capital assets being depreciated, net	-	17,722,071	-	176,349,676	194,071,747
Total assets	40,110,423	35,563,510	109,114	214,529,580	290,312,627
Liabilities					
Accounts payable and accrued expenses	405,893	3,991,271	-	8,749,603	13,146,767
Accrued interest payable	247,077	62,415	-	-	309,492
Net other postemployment benefit liability	-	-	-	153,281	153,281
Long-term liabilities:					
Due within one year	2,765,000	1,109,510	-	878,397	4,752,907
Due in more than one year	32,416,389	6,130,737	-	3,980,652	42,527,778
Total liabilities	35,834,359	11,293,933	-	13,761,933	60,890,225
Net assets					
Invested in capital assets, net of related debt	-	12,480,727	-	195,695,127	208,175,854
Restricted for:					
Debt service	14,518	1,493,420	-	-	1,507,938
Acquisition/construction of capital assets	4,261,546	5,584,550	-	-	9,846,096
Unrestricted	-	4,710,880	109,114	5,072,520	9,892,514
Total net assets	\$ 4,276,064	\$ 24,269,577	\$ 109,114	\$ 200,767,647	\$ 229,422,402

The accompanying notes are an integral part of these financial statements.

WASHTENAW COUNTY
Combining Statement of Activities
Component Units
Year Ended December 31, 2007

	Department of Public Works Projects	Drain Commissioner	Hazardous Materials Response Authority	Road Commission	Total
Expenses					
Public safety	\$ -	\$ -	\$ 104,359	\$ -	\$ 104,359
Public works	1,954,708	1,568,778	-	-	3,523,486
Highways and streets	-	-	-	27,293,695	27,293,695
Total expenses	1,954,708	1,568,778	104,359	27,293,695	30,921,540
Program revenues					
Charges for services	-	207,424	29,180	-	236,604
Operating grants and contributions	-	-	19,464	49,647,414	49,666,878
Capital grants and contributions	1,917,563	3,657,407	-	-	5,574,970
Total program revenues	1,917,563	3,864,831	48,644	49,647,414	55,478,452
Net program (expense) revenue	(37,145)	2,296,053	(55,715)	22,353,719	24,556,912
General revenues					
Unrestricted investment earnings	124,035	562,626	6,608	411,495	1,104,764
Change in net assets	86,890	2,858,679	(49,107)	22,765,214	25,661,676
Net assets, beginning of year, as restated	4,189,174	21,410,898	158,221	178,002,433	203,760,726
Net assets, end of year	<u>\$ 4,276,064</u>	<u>\$ 24,269,577</u>	<u>\$ 109,114</u>	<u>\$ 200,767,647</u>	<u>\$ 229,422,402</u>

The accompanying notes are an integral part of these financial statements.



**Notes to the Basic
Financial Statements**

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

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WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Washtenaw County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting Entity

Washtenaw County is a municipal corporation governed by an 11-member commission and administered by an appointed county administrator. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government’s operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The blended and discretely presented component units have December 31 year ends.

Blended Component Unit

The *Washtenaw County Building Authority* is governed by a five-member board appointed by the Board of Commissioners. The Building Authority is reported as if it was part of the primary government because its sole purpose is to finance and construct the County’s public buildings.

Discretely Presented Component Units

The *Washtenaw County Department of Public Works Projects* is managed by the Board of Public Works, a seven-member board appointed by the County Board of Commissioners. The Board of Public Works is responsible for administering various public works construction projects and the associated debt service funds on behalf of local units of government within the County under the provisions of Act 185, Public Acts of 1957, as amended. All of the Board of Public Works’ contractual agreements including bond issuances require County Board of Commissioners approval. The full faith and credit of the County is given for the long-term debt of these projects.

Each of the drainage districts included in the financial statements of the *Washtenaw County Drain Commissioner* are separate legal entities with the power to contract; to sue and to be sued; and to hold, manage and dispose of real and personal property. The Statutory Drain Board consists of the Drain Commissioner, the Chair of the County Board of Commissioners, and one other member of the Board of Commissioners. The Drain Commissioner is responsible for the construction and maintenance of storm drains within the County. The full faith and credit of the County is often given for the long-term debt of the drainage districts.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The *Washtenaw County Hazardous Materials Response Team Authority (WCHMRTA)* is managed by an 11-member board composed of a representative from each of the five enabling jurisdictions (Washtenaw County, City of Ann Arbor, City of Ypsilanti, Pittsfield Township and Ypsilanti Township) appointed by their governing bodies, three representatives appointed by the Mutual Aid Association, and one member each from the Criminal Justice Association, Washtenaw County Public Health Department, and Huron Valley Ambulance. A Technical Advisory Committee supports the Board. The WCHMRTA was formed to develop and manage a county wide hazardous material response team. The Washtenaw County Board of Commissioners approves the operating budget and the Authority has delegated fiscal powers to the County.

The *Washtenaw County Brownfield Redevelopment Authority (WCBRA)* is governed by a nine-member board appointed by the Washtenaw County Board of Commissioners. Its purpose is to encourage and support the redevelopment of under-utilized and environmentally contaminated properties in partnership with member communities in Washtenaw County. The County Board of Commissioners approves WCBRA's operating budget; WCBRA has delegated fiscal powers to the County. The WCBRA had minimal financial activity during 2007 and therefore, no separate financial report was issued.

The *Washtenaw County Road Commission* is responsible for the maintenance and construction of the county road system in Washtenaw County. It is governed by a three-member board appointed by the County Board of Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission deposits its receipts with and has investments through the County.

Complete financial statements for each of the discretely presented component units can be obtained directly from their respective administrative offices, as follows:

Department of Public Works	Drain Commissioner	WCHMRTA	Road Commission
705 North Zeeb Road	705 North Zeeb Road	220 North Main Street	555 North Zeeb Road
Ann Arbor, MI 48107	Ann Arbor, MI 48107	Ann Arbor, MI 48107	Ann Arbor, MI 48106

Funds with Another Year End

The Community Support & Treatment Services Fund and Public Health Fund (special revenue funds of the County) are reported on a September 30 year end in order to enhance the value of this document to certain readers and users.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement-based grants which use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *community support and treatment services fund* accounts for the activities of delivering an array of mental health services to residents.

The *parks and recreation fund* accounts for the operations of the County-owned parks and recreational facilities and for the millage approved by County voters for the purchase of natural areas within the County.

The *revenue sharing reserve fund* is mandated by the State of Michigan and accounts for property tax collections to serve as a substitute to state revenue sharing payments. This substitute funding mechanism involves a gradual shift of County property tax millage from a winter tax levy to a summer tax levy. The collections shift was completed during 2007 when the entire tax levy was assessed in July.

The *enhanced emergency communication system millage fund* accounts for the resources, including a voter-approved millage that began in 2007, accumulated and payments made for principal and interest on long-term general obligation debt that finances acquisition, construction, renovation, maintenance and operation of an upgrade to the County's communication system.

The *county capital projects fund* accounts for renovation/small construction projects performed on County facilities and the purchase of capital equipment.

The government reports the following major proprietary fund:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects fund* accounts for financial resources to be used for the acquisition of capital equipment or construction of major capital facilities.

The *enterprise funds* account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services (such as the County's telephone system, building repair and maintenance, self-insurance, fleet and equipment management) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

The *agency fund* accounts for assets held by the County in agency capacity for other governments and entities. Primarily this includes undistributed collections and withholdings such as state education taxes, hotel/motel accommodation taxes, current property taxes, state jail booking fees, state real estate transfer taxes, soil erosion inspections, library penal fines and state payroll withholding taxes.

The *pension and other employee benefit trust funds* account for the activities of the Employees Retirement System, Money Purchase Pension Plan, and Voluntary Employees Beneficiary Association, which accumulate resources for pension and health benefit payments for qualified employees. The trust funds also include the Unemployment and Severance funds, which accumulate resources for unemployment and severance benefit payments, respectively, to qualified employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The County Treasurer maintains a cash management pool that is used by all funds and component units of the government, except for the pension and other employee benefit trust funds. In addition to their participation in the cash management pool, certain funds and component units also have separate checking accounts. The cash management pool has the general characteristics of a demand deposit account in that deposits and withdrawals may be made at any time without prior notice or penalty. Accordingly, each fund's portion of this pool, along with any amounts in separate demand deposit accounts, is reported as "cash and pooled investments."

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value). State statutes authorize pension and other employee benefit plans to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

3. Inventories and Prepaid Items

Inventories in the proprietary funds are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. For the Road Commission component unit, inventory is valued at average cost.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. For the County, infrastructure exists in the Drain Commissioner and Road Commission component units. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are defined by the Road Commission as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government and component units, except for the Road Commission, are depreciated using the straight-line method over the useful life of the assets as follows:

Buildings and improvements	50 years
Drain infrastructure	50 years
Equipment (computer, office and vehicles)	2.5 to 10 years

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

For the Road Commission component unit, capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Machinery and equipment	5 to 20 years
Roads	5 to 30 years
Infrastructure	12 to 50 years

5. Compensated Absences

The County's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and 50 percent of sick pay are accrued when incurred in the government-wide and proprietary funds financial statements. A liability is reported in governmental funds only if these amounts have matured, for example, as a result of employee resignations or retirements.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. Budgets are not required for debt service and capital projects funds. All annual appropriations lapse at year-end.

The County utilizes a biennial budget to improve the efficiency of the overall budgeting process. The first year of the biennial budget is prepared for approval and adoption, and the second year is based on information currently available. The second year budget is amended during the first year to reflect necessary revisions as economic conditions warrant. Necessary changes are brought back to the Board of Commissioners prior to the beginning of the fiscal year for final adoption.

The County Administrator submits a proposed budget to the Board of Commissioners before September 15. The budget includes proposed expenditures and the means of financing them. Public hearings are held to obtain taxpayer comments. The budget is adopted no later than December 31 through a Board of Commissioners resolution.

The appropriated budget is prepared by fund, function and department. The County's department heads may make limited transfers of appropriations within a department. Transfers of appropriations between departments require approval by the Board of Commissioners or County Administrator, depending on the dollar value of the transfers. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level for the General Fund and the function level for special revenue funds. Supplemental budgetary appropriations were made during the year, but were not material for purposes of these disclosures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are recorded in the amount of the outstanding purchase orders and contracts at the time the purchase orders and contracts are issued. The encumbrances are liquidated when the goods or services are received. Unliquidated encumbrances at the end of the year are not carried forward to the next year.

B. Excess of Expenditures over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the County were adopted on a department level basis for the General Fund and the function level for the special revenue funds.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Excess of expenditures over appropriations in individual funds are as follows:

	Final Budget	Actual	Excess
General fund			
District court	\$ 5,199,113	\$ 5,239,787	\$ 40,674
Probate court	1,090,271	1,224,950	134,679
Public Defender	2,933,994	2,937,126	3,132
Information technology	6,858,902	7,689,682	830,780
Clerk/register	4,864,801	4,893,059	28,258
Finance	3,166,060	3,176,026	9,966
Corporation counsel	256,716	258,266	1,550
Emergency management	457,158	461,343	4,185
Sheriff	37,713,976	37,861,262	147,286
Prosecuting attorney	5,409,821	5,463,532	53,711
Veterans counselor	711,883	730,722	18,839
Other unallocated expenditures	5,651,187	5,873,564	222,377
Revenue sharing reserve - transfer out	6,116,361	6,140,045	23,684
Nonmajor special revenue funds			
Drain commission grants - public works	84,550	149,151	64,601
E-911 - public safety	1,237,937	1,293,572	55,635
Head start - social services	4,627,300	4,641,359	14,059
Inmate concessions - public safety	270,972	364,896	93,924
Other special revenue:			
General government	-	2,220	2,220
Transfers out	-	470,394	470,394
Planning grants - general government	253,851	273,752	19,901
Public health - health	9,814,753	12,833,221	3,018,468
Public works solid waste program - public works	437,480	557,562	120,082
Sheriff's grants - public safety	565,314	639,672	74,358

These over-expenditures were funded by available fund balance.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

III. DETAILED NOTES ON ALL FUNDS

A. Deposits, Investments and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and pooled investments	\$ 147,420,169	\$ 21,614,995	\$ 169,035,164
Statement of Fiduciary Net Assets:			
Cash and pooled investments	18,628,248	-	18,628,248
Investments	<u>281,581,101</u>	<u>-</u>	<u>281,581,101</u>
Total	<u>\$447,629,518</u>	<u>\$ 21,614,995</u>	<u>\$469,244,513</u>
Deposits and Investments:			
Bank deposits (checking accounts and certificates of deposit)			\$ 19,514,680
Investments in securities, mutual funds and similar vehicles:			
Treasurer's investment pool			166,535,897
Employees retirement system			165,042,124
Money purchase pension plan			66,198,628
Voluntary employees benefit association			50,340,349
Cash on hand			43,131
Net effect of funds with different fiscal year ends			<u>1,569,704</u>
Total			<u>\$469,244,513</u>

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2007, of the County's total bank balance of \$19,904,527 (total book balance was \$19,514,680), \$18,934,388 was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to obtain FDIC insurance for all bank deposits. The County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2007:

U.S. treasuries	\$ 42,042,300
U.S. agencies	35,951,920
Commercial paper	32,880,762
Washtenaw County tax notes	18,000,000
Money market	<u>37,660,915</u>
Total	<u>\$ 166,535,897</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's investment policy and State law require that commercial paper be rated in the top two ratings by at least two nationally recognized statistical rating organizations (NRSRO); investments in local government tax notes must be rated in the top two ratings by one NRSRO. Ratings are not required for U.S. treasuries or money market funds.

As of December 31, 2007, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's (S&P). Of the County's holdings in commercial paper, S&P rated \$20,883,020 as A1+, \$3,988,240 as A-1 and \$8,009,502 as A-2; Moody's rated \$24,871,260 of commercial paper as P1 and \$8,009,502 as P2. Of the County's investments in money market funds, \$35,862,717 was rated AAA by S&P and the remaining \$1,798,198 was not rated. The County's investment in its own general obligation limited tax notes was rated F1+ by Fitch.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At December 31, 2007, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Farm Credit Bank	8.0%
	Federal National Mortgage Association	12.0%
Local government	Washtenaw County tax notes	14.0%

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the practice of the County to manage this risk by purchasing a mix of short and longer term investments. This laddering approach also matches investment maturities to projected cash flow needs.

As of December 31, 2007, maturities of the County's debt securities were as follows:

		Investment Maturities (fair value by years)			
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 42,042,300	\$ 42,042,300	\$ -	\$ -	\$ -
U.S. agencies	35,951,920	16,883,800	15,065,600	4,002,520	-
Commercial paper	32,880,762	32,880,762	-	-	-
Local government	18,000,000	18,000,000	-	-	-
	\$ 128,874,982	\$ 109,806,862	\$ 15,065,600	\$ 4,002,520	\$ -

Employees' Retirement System Investments

The Michigan Public Employees' Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Employees' Retirement System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2007:

Investments at fair value, as determined by quoted market price:

Equities:

Not on securities loan	\$ 52,981,112
On securities loan	8,722,048
U.S. treasuries	1,207,879
U.S. treasury strips	10,568,017
U.S. agencies:	
Not on securities loan	12,523,616
On securities loan	8,905,215
Corporate securities	16,361,746
Mutual funds	47,547,330
Money market funds	6,225,161

Total investments **\$ 165,042,124**

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Total realized and unrealized gains and losses for the year ended December 31, 2007, were as follows:

	Realized Gain (Loss)	Unrealized Gain (Loss)	Net Appreciation (Depreciation)
Equities	\$ 9,560,530	\$ (2,126,872)	\$ 7,433,658
Corporate and U.S. securities	<u>(6,910)</u>	<u>1,320,291</u>	<u>1,313,381</u>
Total	<u>\$ 9,553,620</u>	<u>\$ (806,581)</u>	<u>\$ 8,747,039</u>

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of System investments. Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in the net appreciation (depreciation) reported in prior years and the current year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy provides that 90% of its investments in fixed income securities be limited to those rated BAA or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

As of December 31, 2007, the System's investments in securities of U.S. agencies implicitly guaranteed by the U.S. government (amounting to \$19,292,070; \$2,136,761 of U.S. agencies were explicitly guaranteed) were rated AAA+ by Standard & Poor's.

The System's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 6,627,037
AA	4,196,904
A	1,822,710
BBB	2,430,675
Not rated	<u>1,284,420</u>
	<u>\$ 16,361,746</u>

The System's investments in money market funds were not rated. The System does not invest in bond mutual funds.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 20% of equity securities be invested in any one industry and no more than 8% of each manager's large cap equities fund be invested in any one company. The policy also provides that no more than 10% of fixed income securities may be invested in any one company and no more than 8% may be invested in any single issue.

At December 31, 2007, the System's investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
Equities	Wells Real Estate Investment Trust Inc.	6.9%
U.S. agencies	Federal National Mortgage Association	7.0%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The System's investment policy does not address weighted average portfolio maturities. As of December 31, 2007, maturities of the System's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 1,207,879	\$ -	\$ 136,876	\$ -	\$ 1,071,003
U.S. treasury strips	10,568,017	-	2,107,725	8,196,859	263,433
U.S. agencies	21,428,831	82,417	915,584	3,685,411	16,745,419
Corporate securities	16,361,746	913,037	7,177,787	2,030,204	6,240,718
	\$ 49,566,473	\$ 995,454	\$ 10,337,972	\$ 13,912,474	\$ 24,320,573

Of the above balances, \$8,164,230 of the U.S. agencies and \$10,647,028 of corporate securities are callable.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The System's portfolio of U.S. agencies and corporate securities includes certain collateralized mortgage obligations (with interest-only and principal-only strips), variable-rate securities, and inverse variable-rate securities. The fair value of these investments is summarized as follows:

Collateralized mortgage obligations:	
Interest-only strips	\$ 115,646
Principal-only strips	2,172,263
Variable-rate securities	2,839,806
Inverse variable-rate securities	1,274,625

The System invests in interest-only strips, in part, to maximize yields and as protection against a rise in interest rates. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

The System invests in principal-only strips to reduce the price sensitivity of its fixed-income portfolio to changes in interest rates. These principal-only strips are sensitive to interest rate increases that may result from decreasing mortgage prepayments, thus increasing the average maturity of these investments.

A variable-rate investment's coupon amount enhances or amplifies the effects of interest rate changes by greater than a one-to-one basis. The multiplier makes the fair value of these investments highly sensitive to interest rate changes. As of December 31, 2007, the System held 28 variable-rate investments with a fair value of \$2,839,806. The coupon rates for these investments range from 0.0% to 7.06%; the benchmark indexes include one-month, six month, and twelve month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), Federal Reserve US H.15 Treasury Note Constant Maturity One Year, and one-year treasury rate; the reset frequency is monthly, semi-annually, or annually; the coupon payment frequency is monthly; and coupon multipliers range from 1.0 to 44.8 times the benchmark index, minus 268.8% to plus 2.25%, with a cap ranging from 9.0% to 20.4% and a floor ranging from 0.0% to 3.19%.

As of December 31, 2007, the System held 45 inverse variable-rate investments with a fair value of \$1,274,625. With inverse variable-rate securities, coupon payments decline as interest rates increase. The coupon rates for these investments range from 0.19% to 8,150.38%; the benchmark indexes include one-month LIBOR, 11th District Monthly Weighted Average Cost of Funds Index (San Francisco), and three-month and ten-year treasury rate; the reset and coupon payment frequency is monthly; and coupon multipliers range from negative 2,253.07 to negative .60 times the benchmark index, plus 5.05% to 22,541.20%, with a cap ranging from 5.05% to 15,573.50% and a floor ranging from 0.0% to 11.0%.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Securities Lending. A contract approved by the System's Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

Money Purchase Pension Plan Investments

The Michigan Public Employees' Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the Money Purchase Pension Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

The Plan's investments are held by its trustee, a third-party financial institution. The management agreement between the Plan and the trustee requires 14 separate mutual funds, including ten stock funds, one balanced fund, one bond fund, one guaranteed interest fund, and a self-directed brokerage option. Participants select the particular funds into which their contributions and the related County matching contributions are made. All of the Plan's investments totaling \$66,198,628 are in mutual funds.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2007 the Plan's bond mutual fund was not rated by a nationally recognized statistical rating organization. The Plan's investment policy does not address credit risk.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form. At year end, the Plan's bond mutual fund was an open-end mutual fund. Accordingly, the Plan's investments were not exposed to custodial credit risk. The Plan's investment policy does not address custodial credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2007, the weighted average maturity of the Plan's bond mutual fund was 6.58 years. The Plan's investment policy does not address interest rate risk.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Voluntary Employees Beneficiary Association (VEBA) Investments

The Michigan Public Employees' Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the VEBA to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

The VEBA's investments are held by an independent investment management company. Following is a summary of its investments as of December 31, 2007:

Investments at fair value, as determined by quoted market prices:	
Equities	\$ 34,892,337
United States treasuries	163,687
United States agencies	192,849
Corporate securities	595,050
Bond mutual fund	11,134,764
Money market funds	<u>3,361,662</u>
Total investments	<u><u>\$ 50,340,349</u></u>

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The VEBA's investment policy provides that all of its investments in fixed income securities be rated A+ or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

As of December 31, 2007, the VEBA's investments in securities of U.S. agencies and the bond mutual fund were rated AAA by Standard & Poor's. The VEBA's investments in money market funds were also rated AAA by Standard & Poor's. The VEBA's investments in corporate securities were rated by Standard & Poor's as follows:

A-	\$ 78,020
B+	119,936
B-	36,450
CCC+	47,898
Not rated	<u>312,746</u>
	<u><u>\$ 595,050</u></u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the VEBA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The VEBA's investment policy does not address custodial credit risk. Although uninsured and unregistered, the VEBA's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the VEBA's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the VEBA's investment in a single issuer. The VEBA's investment policy requires that no more than ten percent of its assets be invested in money market funds or short-term U.S. treasuries, no more than five percent in any one issuer, and no more than 20% in any one industry. At December 31, 2007, the VEBA's investment portfolio was not exposed to concentration credit risk.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy provides that the weighted average maturity of its fixed income portfolio may not exceed 10 years. At year-end, maturities of debt securities are as follows:

Investment maturities (fair value by years)					
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
U.S. treasuries	\$ 163,687	\$ -	\$ -	\$ -	\$ 163,687
U.S. agencies	192,849	11,314	-	-	181,535
Corporate securities	595,050	-	137,089	-	457,961
	\$ 951,586	\$ 11,314	\$ 137,089	\$ -	\$ 803,183

Money market funds had a rolling maturity date of less than 60 days as of December 31, 2007. The bond mutual fund had a weighted average maturity of 5.26 years as of December 31, 2007. Of the above balances, \$83,736 of the U.S. treasuries and \$457,961 of the corporate securities were callable as of December 31, 2007.

The VEBA's portfolio of U.S. agencies securities included one inverse variable-rate note with a par value of \$50,000 that matures November 2008. The fair value of the note as of December 31, 2007 was \$1,717. The amount of the monthly coupon was calculated at negative 2.592 times the Eleventh District Monthly Weighted Average Cost of Funds Index (San Francisco) plus 18.144%, with a cap of 18.144%, and a floor of zero; thus, as interest rates increased, the coupon rate paid declined. The frequency of the coupon's reset date was monthly.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

B. Receivables

Receivables in the governmental activities are as follows:

Taxes	\$ 16,439,641
Accounts	2,453,234
Leases	2,855,253
Intergovernmental	7,322,899
Less: allowance for uncollectible accounts	<u>(299,408)</u>
	<u><u>\$ 28,771,619</u></u>

The only amount not expected to be collected within one year is \$2,360,510 of leases receivable.

Receivables for the business-type activities are composed entirely of amounts due from taxpayers for delinquent taxes and related interest and collections fees.

The aggregate component unit receivables totaling \$48,156,799 are comprised of leases receivable (73.5 percent), special assessments receivable (16.4 percent), accounts receivable (9.9 percent) and due from other governments (.10 percent).

Governmental funds report deferred revenue in connection with receivables that are not available to liquidate liabilities of the current period, and with resources that have been received, but not earned. At year-end, deferred revenue reported in the governmental funds, and the unearned revenue in the governmental activities based on the nature of the respective items, was comprised of the following:

Property taxes receivable:	
General fund	\$ 200,988
Parks and recreation fund	10,943,882
Nonmajor governmental funds	3,068,613
Grant drawdowns prior to meeting all eligibility requirements	<u>402,626</u>
	<u><u>\$ 14,616,109</u></u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Primary Government - Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 24,854,169	\$ 2,693,457	\$ -	\$ 27,547,626
Construction in progress	627,212	3,063,028	(396,633)	3,293,607
Total capital assets, not being depreciated	<u>25,481,381</u>	<u>5,756,485</u>	<u>(396,633)</u>	<u>30,841,233</u>
Capital assets, being depreciated:				
Buildings	114,379,843	881,320	(297,633)	114,963,530
Improvement other than buildings	13,633,441	738,082	(44,351)	14,327,172
Machinery and equipment	<u>15,640,856</u>	<u>3,406,898</u>	<u>(3,160,562)</u>	<u>15,887,192</u>
Total capital assets being depreciated	<u>143,654,140</u>	<u>5,026,300</u>	<u>(3,502,546)</u>	<u>145,177,894</u>
Less accumulated depreciation for:				
Buildings	(30,894,948)	(2,545,035)	102,883	(33,337,100)
Improvements other than buildings	(3,992,347)	(362,374)	20,066	(4,334,655)
Machinery and equipment	<u>(10,811,255)</u>	<u>(2,020,090)</u>	<u>2,908,092</u>	<u>(9,923,253)</u>
Total accumulated depreciation	<u>(45,698,550)</u>	<u>(4,927,499)</u>	<u>3,031,041</u>	<u>(47,595,008)</u>
Total capital assets being depreciated, net	<u>97,955,590</u>	<u>98,801</u>	<u>(471,505)</u>	<u>97,582,886</u>
Governmental activities capital assets, net	<u>\$123,436,971</u>	<u>\$ 5,855,286</u>	<u>\$ (868,138)</u>	<u>\$ 128,424,119</u>
Business type activities				
Capital assets, being depreciated:				
Machinery and equipment	\$ -	\$ 21,408	\$ -	\$ 21,408
Less accumulated depreciation for:				
Machinery and equipment	-	(3,567)	-	(3,567)
Business type activities capital assets, net	<u>\$ -</u>	<u>\$ 17,841</u>	<u>\$ -</u>	<u>\$ 17,841</u>

The beginning balance of accumulated depreciation for machinery and equipment was decreased by \$135,174 for the restatement described in Note IV-G.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:

Legislative	\$ 5,406
Judicial	731,624
General government	1,263,692
Public safety	697,077
Health	324,854
Social services	261,639
Culture and recreation	728,111
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>915,096</u>

Total depreciation expense-governmental activities	<u>\$ 4,927,499</u>
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Business type activities:

Total depreciation expense-business type activities	<u>\$ 3,567</u>
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Construction Commitments

The County has five active construction projects as of December 31, 2007. The Parks and Recreation department projects include construction of a new Field Operations and Maintenance Building at the County Farm Park, and for border-to-border trail development. The commitments for these projects are financed by Parks and Recreation revenues and reserves, along with state and federal grants. The construction for a new District Court in Saline is being funded by surpluses in building authority and capital projects funds, as well as the public improvement fund. The Enhanced Emergency Communications System and Jail Construction and Improvements projects include costs for architecture and design services, and construction. The commitments for these projects are financed by general obligation bonds and reserves.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Border-to-Border Trail Recreation Development	\$ 1,926,960	\$ 3,073,040
District Court – Saline	644,189	1,920,857
Enhanced Emergency Communications System	2,091,608	21,894,396
Field Operations and Maintenance Building	842,731	475,169
Jail Construction and Improvements	<u>802,777</u>	<u>20,997,371</u>
Total	<u>\$ 6,308,265</u>	<u>\$ 48,360,833</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Discretely Presented Component Units

Drain Commissioner. Capital asset activity for the Drain Commissioner for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated- Construction in progress	<u>\$ 1,827,665</u>	<u>\$ 2,944,044</u>	<u>\$ (2,772,806)</u>	<u>\$ 1,998,903</u>
Capital assets, being depreciated- Infrastructure	21,786,113	2,772,806	-	24,558,919
Less accumulated depreciation for- Infrastructure	<u>(6,401,129)</u>	<u>(435,719)</u>	<u>-</u>	<u>(6,836,848)</u>
Total capital assets being depreciated, net	<u>15,384,984</u>	<u>2,337,087</u>	<u>-</u>	<u>17,722,071</u>
Drain Commissioner capital assets, net	<u>\$ 17,212,649</u>	<u>\$ 5,281,131</u>	<u>\$ (2,772,806)</u>	<u>\$ 19,720,974</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Road Commission. Capital asset activity for the Road Commission for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and land improvements	\$ 18,413,306	\$ 4,691,653	\$ -	\$ 23,104,959
Capital assets, being depreciated:				
Buildings and storage bins	13,014,843	35,835	-	13,050,678
Road equipment	12,586,770	444,996	(829,358)	12,202,408
Other equipment	1,936,846	18,236	-	1,955,082
Brine wells and gravel pits	136,386	-	-	136,386
Infrastructure	244,529,291	26,942,074	-	271,471,365
Total capital assets being depreciated	272,204,136	27,441,141	(829,358)	298,815,919
Less accumulated depreciation for:				
Buildings and storage bins	(3,531,545)	(320,538)	-	(3,852,083)
Road equipment	(10,438,594)	(803,031)	828,764	(10,412,861)
Other equipment	(1,419,359)	(143,740)	-	(1,563,099)
Brine wells and gravel pits	(136,386)	-	-	(136,386)
Infrastructure	(96,478,556)	(10,023,258)	-	(106,501,814)
Total accumulated depreciation	(112,004,440)	(11,290,567)	828,764	(122,466,243)
Total capital assets being depreciated, net	160,199,696	16,150,574	(594)	176,349,676
Road Commission capital assets, net	<u>\$178,613,002</u>	<u>\$20,842,227</u>	<u>\$ (594)</u>	<u>\$199,454,635</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

D. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

Accounts	\$ 2,233,079
Wages, fringe benefits and other accrued liabilities	6,322,946
Intergovernmental	898,103
	<u>\$ 9,454,128</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

Due to/from other funds	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,841,352	\$ -
Delinquent Tax Revolving	-	1,841,352
Total	<u>\$ 1,841,352</u>	<u>\$ 1,841,352</u>
 Advances to/from other funds		
General Fund	\$ 96,321	\$ -
County Capital Projects	81,466	-
Internal service funds	-	177,787
Total	<u>\$ 177,787</u>	<u>\$ 177,787</u>
 Interfund receivable/payable		
County Capital Projects	\$ 2,901,728	\$ -
Nonmajor governmental funds	-	2,901,728
Total	<u>\$ 2,901,728</u>	<u>\$ 2,901,728</u>

The outstanding *due to/from* balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments are made between funds. Outstanding advances between funds relate to working capital loans made to certain internal service funds, none of which is scheduled to be repaid in the subsequent year. Interfund receivables/payables represent short-term working capital loans for funds with negative cash balances in the County's cash and investment pool as of year end.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

A summary of interfund transfers for the year ended December 31, 2007, is as follows:

Interfund transfers	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 7,390,700	\$23,355,340
Community Support & Treatment Services	986,224	-
Revenue Sharing Reserve	-	6,140,045
County Capital Projects	7,683,809	6,288,725
Enhanced Emergency Communication System Millage		2,133,324
Nonmajor governmental funds	25,084,489	1,595,234
Delinquent Tax Revolving	-	1,674,814
Internal service funds	86,000	95,599
Total per financial statements	41,231,222	41,283,081
Adjustments for September 30 year end	51,859	-
Total	<u>\$41,283,081</u>	<u>\$41,283,081</u>

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

Total transfers in for the primary government as shown in the accompanying financial statements were \$41,231,222 and total transfers out were \$41,283,081. The difference between these amounts, \$51,859, is attributable to transactions with the Public Health and Community Support & Treatment Services funds, which are reported on a September 30 year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

F. Leases

Capital Leases - The County acquired certain computer equipment under a capital lease. The original amount of the lease obligation and the gross value of the assets acquired was \$1,194,284. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date. Capital leases outstanding at year-end amounted to \$829,132. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2007, were as follows:

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

2008	\$ 405,648
2009	251,838
2010	<u>251,838</u>
Total minimum lease payments	909,324
Less amount representing interest	<u>80,192</u>
Present value of minimum lease payments	<u><u>\$ 829,132</u></u>

Operating Leases - The County has commitments under operating lease agreements which provide for annual minimum lease payments as follows:

2008	\$ 530,482
2009	464,968
2010	302,261
2011	311,414
2012	283,477
2013	240,000
2014	247,500
2015	255,000
2016	<u>262,500</u>
Total	<u><u>\$ 2,897,601</u></u>

Rental expense for all operating leases aggregated \$812,158 for the year ended December 31, 2007. In addition, for the year ended December 31, 2007, the County leased 315 spaces for employee parking that cost \$327,240; this is not included above or in the aforementioned cost for the year since the County is reimbursed by the employees through payroll deductions.

Lessor Leases – The County has leased certain land to Huron Valley Ambulance, Inc. (HVA) under a capital lease agreement. HVA has commitments under the lease which provide for annual minimum lease payments of \$51,802 during 2007 and continuing for the next two years. At the end of the lease, the County is required to quit claim deed the land to HVA.

The County has leased the building located at 750 Towner Street to the Washtenaw Community Health Organization (WCHO). WCHO has commitments under the lease which provides for annual minimum lease payments of \$67,591 during 2007 and continuing for the next 13 years.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

G. Long-term Debt

Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$86,285,000. The County issues general obligation notes to provide monies for the purchase of the delinquent taxes receivable from local units of government. The original amount of general obligation notes was \$18,000,000. During the year, general obligation bonds totaling \$21,675,000 and notes totaling \$18,000,000 were issued.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. Bonds are generally issued as 15 to 20-year serial bonds with varying amounts of principal maturing each year. Notes are generally issued with a six-month due maturity. General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.0 – 5.4%	\$ 52,150,000
Governmental activities - refunding	1.75 - 4.75%	21,720,000
Business-type activities	6.820%	18,000,000
		<u><u>\$ 91,870,000</u></u>

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 5,050,000	\$ 2,776,484	\$ 18,000,000	\$ 887,555
2009	5,340,000	2,619,476	-	-
2010	5,660,000	2,448,128	-	-
2011	5,985,000	2,258,615	-	-
2012	6,495,000	2,052,297	-	-
2013-2017	26,375,000	6,824,443	-	-
2018-2022	10,875,000	3,017,732	-	-
2023-2027	8,090,000	1,017,976	-	-
Total	<u><u>\$ 73,870,000</u></u>	<u><u>\$ 23,015,151</u></u>	<u><u>\$ 18,000,000</u></u>	<u><u>\$ 887,555</u></u>

In addition to general obligation bonds and notes, the County has an interest-free loan from the Michigan Economic Development Corporation in the original amount of \$292,133. The borrowed monies were used in conjunction with funds received under a federal Community Development Block Grant to fund renovation work in Hanger 1 at Willow Run Airport. The loan will be repaid in 60 quarterly installments of \$4,869 beginning in the first quarter of 2005 and ending in the fourth quarter of 2019. The total remaining amount outstanding at December 31, 2007 is \$233,706. Willow Run Airport Authority will be reimbursing the County for the debt service payments made by the County.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Component Units

Department of Public Works Projects. General obligation bonds are issued by the County to finance construction projects managed and administered by the Department of Public Works. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years was \$45,490,453. During the year, general obligation bonds totaling \$6,601,859 were issued.

These bonds are direct obligations, and pledge the full faith and credit of the County and the associated municipalities and/or authorities. The bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year through June 1, 2025 and bear interest at varying rates from 1.625% to 6.75%. General obligation bonds currently outstanding are summarized as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.625 - 6.75%	\$ 25,694,138
Governmental activities - refunding	3.75 - 4.8%	<u>9,715,000</u>
		<u>\$ 35,409,138</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,765,000	\$ 1,419,378
2009	2,845,000	1,308,572
2010	2,910,000	1,191,069
2011	2,830,000	1,078,420
2012	2,865,000	966,544
2013-2017	13,665,000	3,076,706
2018-2022	<u>7,529,138</u>	<u>803,294</u>
Total	<u>\$ 35,409,138</u>	<u>\$ 9,843,983</u>

Drain Commissioner. General obligation drain improvement bonds and notes are issued by the County to finance certain drainage district construction projects. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds and notes issued in prior years was \$8,119,212. During the year general obligation bonds totaling \$221,766 and notes totaling \$1,620,200 were issued.

These bonds and notes are direct obligations, and pledge the full faith and credit of the County and the respective drainage districts. The bonds are generally issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.625 - 6.5%	\$7,265,672

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,109,510	\$ 243,931
2009	795,700	183,898
2010	1,487,950	248,694
2011	530,750	129,018
2012	405,350	110,426
2013-2017	1,542,200	352,697
2018-2022	999,212	170,489
2023-2027	395,000	37,084
Total	\$ 7,265,672	\$ 1,476,237

Road Commission. The Road Commission has a lease payable to the Washtenaw County Building Authority for the debt service costs related to bonds that were sold for the construction of Yard 2. The lease agreement terminates with the retirement of the bond issue in September 2013. The annual lease payment is equal to the related bond principal and interest. In addition, transportation fund notes were issued in accordance with the statutory requirements of Michigan Public Act 143 of 1943, as amended. The monies from these notes were used to fund improvements on county highways in Scio Township and Ypsilanti Township.

Following is a summary of debt currently outstanding:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.0 - 7.0%	\$ 4,070,000

Annual principal and interest maturities as of December 31, 2007 are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 770,000	\$ 148,733
2009	780,000	121,715
2010	675,000	93,438
2011	695,000	69,288
2012	710,000	43,250
2013	440,000	15,400
Total	\$ 4,070,000	\$ 491,824

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities:					
Loan from State of Michigan	\$ 253,182	\$ -	\$ (19,476)	\$ 233,706	\$ 19,476
Capital leases	309,424	695,122	(175,414)	829,132	361,060
General obligation bonds	56,400,000	21,675,000	(4,205,000)	73,870,000	5,050,000
Less deferred amounts for:					
Issuance discounts	(40,000)	-	2,500	(37,500)	-
Issuance premiums	448,914	125,147	(55,443)	518,618	-
Refunding loss	(1,157,904)	-	120,459	(1,037,445)	-
Compensated absences	13,244,497	9,615,144	(9,013,306)	13,846,335	1,766,224
	<u>\$ 69,458,113</u>	<u>\$ 33,110,413</u>	<u>\$ (13,345,680)</u>	<u>\$ 88,222,846</u>	<u>\$ 7,196,760</u>
Business-type activities:					
Delinquent Tax -					
General obligation notes	\$ 12,000,000	\$ 18,000,000	\$ (12,000,000)	\$ 18,000,000	\$18,000,000
Compensated absences	11,586	14,570	(10,707)	15,449	4,010
	<u>\$ 12,011,586</u>	<u>\$ 18,014,570</u>	<u>\$ (12,010,707)</u>	<u>\$ 18,015,449</u>	<u>\$18,004,010</u>
Component Units					
Department of Public Works Projects:					
General obligation bonds	\$ 37,452,279	\$ 6,601,859	\$ (8,645,000)	\$ 35,409,138	\$ 2,765,000
Less deferred amounts for:					
Issuance discounts	(174,756)		11,473	(163,283)	-
Issuance premiums	-	70,547	(6,413)	64,134	-
Refunding loss	-	(141,458)	12,858	(128,600)	-
	<u>\$ 37,277,523</u>	<u>\$ 6,530,948</u>	<u>\$ (8,627,082)</u>	<u>\$ 35,181,389</u>	<u>\$ 2,765,000</u>
Drain Commissioner:					
General obligation bonds	\$ 5,417,446	\$ 221,766	\$ (560,000)	\$ 5,079,212	\$ 535,000
Notes payable	1,585,810	1,620,200	(1,019,550)	2,186,460	574,510
Less deferred amounts for:					
Issuance discounts	(27,689)	-	2,264	(25,425)	-
	<u>\$ 6,975,567</u>	<u>\$ 1,841,966</u>	<u>\$ (1,577,286)</u>	<u>\$ 7,240,247</u>	<u>\$ 1,109,510</u>
Road Commission:					
Michigan transportation fund notes	\$ 2,085,000	\$ -	\$ (395,000)	\$ 1,690,000	\$ 395,000
Lease payable	2,760,000	-	(380,000)	2,380,000	375,000
Less deferred amounts for refunding loss	(94,829)	-	13,547	(81,282)	-
Compensated absences	875,309	824,028	(829,006)	870,331	108,397
	<u>\$ 5,625,480</u>	<u>\$ 824,028</u>	<u>\$ (1,590,459)</u>	<u>\$ 4,859,049</u>	<u>\$ 878,397</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$360,126 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

IV. OTHER INFORMATION

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has established internal service funds to account for and finance its uninsured risks of loss. Under this program, the internal service funds provide coverage up to a maximum of \$300,000 for each general liability, police liability or property claim, with no loss fund. The internal service funds also provide coverage up to \$300,000 for any settlement, with all attorney fees being covered under the insurance policy for public officials and employee liability claims, up to \$400,000 for each worker's compensation claim, and up to \$300,000 for each professional liability claim. The County purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the internal service funds based on rates established to fund estimated actual liabilities. The total claims liability of \$2,751,000 reported in the funds at December 31, 2007, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County has estimated its ultimate liability based upon estimates of known claims and actuarial based computations of incurred but not reported claims. The claims liability is presented at its net present value using an annual discount rate of 6%.

Changes in the funds' claims liability amount for the past two years were:

	<u>2007</u>	<u>2006</u>
Balance at beginning of year	\$ 2,139,000	\$ 2,273,000
Current year claims and changes		
in estimates	19,669,250	17,864,459
Claims paid	(19,057,250)	(17,998,459)
Balance at end of year	<u>\$ 2,751,000</u>	<u>\$ 2,139,000</u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Component units participate in the County's self-insurance program, except for the Road Commission, which purchases commercial insurance for health care claims and participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to property loss, torts, and errors and omissions. The Michigan County Road Commission Self-Insurance Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the County.

C. Property Taxes

Prior to 2005, the County property taxes were levied annually on December 1 (the lien date) to fund operations of the following year. The property taxes were due in full within 90 days (prior to March 1), at which time uncollected taxes became delinquent.

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this new law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one-hundred percent of the tax levy will take place on July 1. The Act also requires that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation. For the year ended December 31, 2007, the County recognized the July 1, 2007 tax levy.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The assessed value of real and personal property is established by the local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. Property taxes are levied based on the *taxable value* of the property (as defined under Proposal A). Taxable value is determined by using such factors as equalized value, assessed value, and capped value, along with a value change multiplier.

The taxable value of real and personal property for the July 1, 2007 levy was \$15.5 billion. The general operating tax rate for this levy was at the maximum rate of 4.5493 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of 0.4720 mills for parks and recreation purposes, 0.2409 mills for purchase of selected natural areas in the County, and .2000 for enhancements to emergency communications system for the December 1, 2007 levy.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable. These receivables (\$14.4 million at December 31, 2007, not including accrued interest and collection fees) are pledged to a bank for payment of the notes payable and subsequent collection of the receivables, interest and collection fees thereon, and investment earnings are used to extinguish the debt.

D. Joint Venture

In 1999, the County entered into an agreement with the University of Michigan (the "University") to form the ***Washtenaw Community Health Organization (WCHO)*** for the purpose of establishing an integrated health care delivery system to provide mental health, substance abuse, and primary and specialty health care to Medicaid, low income and indigent consumers as defined by the Michigan Mental Health Code and Medicaid eligibility guidelines.

WCHO is governed by a 12-member board; both the County and University appoint six members each. Under the agreement, WCHO replaced the County as the contractor for the mental health and substance abuse managed care contracts with the State of Michigan. This change was effective October 1, 2000, and currently provides the primary source of funding for WCHO.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The agreement also provides that the County and University will share equally in any gains or losses generated by WCHO, subject to certain limitations. However, because the agreement prohibits the distribution of any assets until WCHO is terminated and/or dissolved (and there are specific restrictions on the use of gains under the managed care contracts with the State of Michigan), WCHO is deemed to be a “joint venture with no equity interest.” Accordingly, no amounts are reported in the accompanying financial statements for the County’s equity in WCHO.

WCHO has a September 30 fiscal year end. Financial information may be obtained by writing to WCHO at P.O. Box 917, Ypsilanti, Michigan 48197.

E. Jointly Governed Organizations

The *Washtenaw Central Dispatch and Technology Authority (WCDTA)* was originally established to provide centralized public safety dispatching for law enforcement, fire and emergency medical services to the Sheriff’s Department, the Michigan State Police, Northfield Township Police, Huron Valley Ambulance, the townships of Ann Arbor, Augusta, Manchester, Northfield, Salem, Scio and Superior, and Dexter Area Fire Department. The organization is governed by a 12-member board. There was no financial activity for the Authority for the year ended December 31, 2007. Public safety dispatching services for the Sheriff’s Department, Northfield Township Police and the Michigan State Police were provided by the County during 2007.

The County has no significant influence over the management of WCDTA. Therefore, WCDTA is not included in the County’s financial report.

The *Washtenaw County 800 MHz Communications Consortium* (the Consortium) was formed to provide for the ownership, governance and management of a public safety/public service communications system that delivers reliable, interoperable wireless communications throughout Washtenaw County. The County and the cities of Ann Arbor, Saline, and Milan are charter members of the Consortium. The Consortium is governed by an executive board.

The County has no significant influence over the management of the Consortium. Financial accountability is limited to the extent of any appropriated operating grant. Therefore, the Consortium is not included in the County’s financial report. Separate financial statements for the Consortium may be obtained by writing to the Washtenaw County Finance Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6750.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The *Washtenaw Urban County* was created by a formal cooperation agreement between the County, City of Ypsilanti and the following townships: Ann Arbor, Bridgewater, Northfield, Pittsfield, Salem, Scio, Superior, York and Ypsilanti. The Urban County jurisdictions receive HOME (Home Investment Partnership Program) funds and CDBG (Community Development Block Grant) funds for use in those jurisdictions to address community development, human services, housing and homelessness needs. The chairperson of the Washtenaw County Board of Commissioners and the chief elected officials of the ten jurisdictions participating in the Urban County have joined together to form the Urban County Executive Committee. The Urban County Executive Committee serves as the decision-making body for those funds. As a recipient of HOME and CDBG funds, the Washtenaw Urban County is required to submit a 5-year Consolidated Plan as well as an Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD).

Financial information may be obtained by writing to the Washtenaw County Finance Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6750.

F. Pension and Other Postemployment Benefits

The County provides pension and postemployment health care benefits to eligible employees through the following plans:

County administered:

Employees' Retirement System (ERS)

Money Purchase Pension Plan (MPPP)

Voluntary Employees' Beneficiary Association (VEBA)

Municipal Employees' Retirement System of Michigan (MERS)

The County issues publicly available financial reports for ERS, MPPP and VEBA that include financial statements and required supplementary information, as applicable. These financial reports may be obtained by writing to Washtenaw County Finance Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6750. Information regarding the aforementioned plans is presented below.

County Administered Plans – Plan Descriptions, Funding Policies and Other Disclosures

Employees' Retirement System (ERS). The County has a single-employer defined benefit retirement plan which provides pension benefits to all full-time, regular employees hired prior to January 1, 1989. County Ordinances assign the authority to establish and amend benefit provisions and contribution requirements to the County Board of Commissioners, subject to the terms of collective bargaining agreements. Sheriff and non-Sheriff department Plan members are required to contribute 7% and 5%, respectively, of their annual compensation to the System for pension benefits. The County's contribution for the Sheriff and non-Sheriff department Plan members for the year ended December 31, 2007, represents 78.67% and 39.09%, respectively, of annual covered payroll.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The County's annual pension cost and net pension obligation for the current year are as follows:

Annual required contribution / retirement benefit cost	\$ 4,827,249
Contributions made	4,827,249
Increase (decrease) in net retirement benefit obligation	-
Net retirement benefit obligation, beginning of year	-
Net retirement benefit obligation, end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of the December 31, 2005, actuarial valuation using the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 2,700,525	100%	\$ -
12/31/06	3,845,384	100	-
12/31/07	4,827,249	100	-

The System exercised early implementation of GASB Statement No. 50, *Pension Disclosures*, as of and for the year ended December 31, 2007.

Funded Status and Funding Progress. The funded status of the System as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	(1)	\$ 181,591,924	
Actuarial value of assets	(2)	<u>145,235,953</u>	
Unfunded AAL (UAAL)	(3)	<u>\$ 36,355,971</u>	(1) - (2)
Funded ratio	(4)	<u>80.0%</u>	(2) / (1)
Covered payroll	(5)	<u>\$ 10,243,828</u>	
UAAL as % of covered payroll	(6)	<u>354.9%</u>	(3) / (5)

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For purposes of the Schedule of Funding Progress, the actuarial accrued liability value as shown above is determined using the entry age actuarial cost method. However, for purposes of calculating the annual required contribution (ARC), the System uses the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the System by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

Valuation date	12/31/06
Actuarial cost method	Aggregate Cost
Amortization method	General Division liabilities funded over the remaining working lifetimes of employees. Sheriff's Division liabilities were amortized using an eight-year level dollar method
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases*	4.5% to 11.9%
Cost-of-Living Adjustments	None

**Includes pay inflation of 4.5%*

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Money Purchase Pension Plan (MPPP). The Washtenaw County Money Purchase Pension Plan (MPPP; the “Plan”) is a defined contribution pension plan established and administered by Washtenaw County to provide benefits at retirement to all regular employees of the County hired on or after January 1, 1989 who work greater than 50% hours. Plan members are required to contribute 6% or 7.5% of covered salary depending on the particular collective bargaining unit to which they belong. The County is required to match the plan member contributions. Plan provisions and contribution requirements are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County’s various collective bargaining agreements. The employer and employee contributions totaled approximately \$3.8 million and \$3.4 million, respectively, for the year ended December 31, 2007.

Voluntary Employees’ Beneficiary Association (VEBA). The Washtenaw County Voluntary Employees’ Beneficiary Association (VEBA; the “Plan”) is a single-employer defined benefit post-employment healthcare plan established and administered by Washtenaw County to provide medical and healthcare benefits for retirees and their beneficiaries. Eligible participants include any retirees who receive pension benefits under one of the County’s pension plans. Plan provisions are established and may be amended by the Washtenaw County Board of Commissioners, subject to the County’s various collective bargaining agreements. The Plan is funded by a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code which allows for the formation of a VEBA.

Subject to certain age and length of service requirements, eligible participants receive the same or comparable medical insurance coverage under the Plan as was in effect at the time of their employment. At such time that participants become Medicare eligible, the benefits under the Plan change to Medicare Supplemental coverage.

Employer contributions to fund the Plan are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. Employer contributions for the year ended December 31, 2007 were \$9,640,671. Although an actuarial valuation of the Plan was completed during 2006, the County has determined that it will establish an annual employer contribution rate using the actuarial valuation as a reference, but not as a definitive requirement. Employees were not required to contribute to the Plan.

As of December 31, 2007, 646 members received healthcare benefits under the Plan, and the cost of those benefits amounted to \$6,286,721.

As required, the VEBA adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*, as of and for the year ended December 31, 2007.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan:

Annual required contribution	\$ 11,952,578
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>\$ 11,952,578</u>
Contributions made	<u>(9,640,671)</u>
Increase in net OPEB obligation	2,311,907
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 2,311,907</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of December 31, 2007, were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/07	\$ 11,952,578	80.7%	\$ 2,311,907

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	(1)	\$ 183,743,134	
Actuarial value of assets	(2)	<u>37,653,565</u>	
Unfunded AAL (UAAL)	(3)	<u>\$ 146,089,569</u>	(1) - (2)
Funded ratio	(4)	<u>20.5%</u>	(2) / (1)
Covered payroll	(5)	<u>\$ 75,492,444</u>	
UAAL as % of covered payroll	(6)	<u>193.5%</u>	(3) / (5)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the trust and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Valuation date	12/31/06
Actuarial cost method	Entry Age
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	5.0%
Healthcare cost trend rate	10% initial; 5% ultimate

A publicly available financial report that includes financial statements and required supplementary information for the VEBA may be obtained by writing to the Washtenaw County Human Resources Department, 220 North Main Street, Ann Arbor, Michigan 48107 or by calling (734) 222-6800.

County Administered Plans – Summary of Significant Accounting Policies

The financial statements of ERS, MPPP and VEBA are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values.

Municipal Employees' Retirement System of Michigan

The County participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan providing retirement, death and disability benefits for certain full-time Washtenaw County Sheriff Department employees. The System is administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. A publicly available financial report that includes financial statements and required supplementary information for MERS may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The County is required to contribute at an actuarially determined rate; the current rates are 6.73% for the Police Officers Association of Michigan (POAM) and 8.25% for the Command Officers Association of Michigan (COAM), of their annual covered payrolls. The POAM and COAM employees are required to contribute 9.32% and 5.0%, respectively, of their annual covered payrolls. The contribution requirements of the County are established and may be amended by the MERS Retirement Board. The contribution requirements of plan members are established and may be amended by the County, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the County.

For the year ended December 31, 2007, the County's annual pension cost of \$1,264,818 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period is 30 years.

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 972,278	100%	-
12/31/06	1,187,154	100	-
12/31/07	1,264,818	100	-

The MERS exercised early implementation of GASB Statement No. 50, *Pension Disclosures*, as of and for the year ended December 31, 2007.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Funded Status and Funding Progress. The funded status of the MERS as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	(1)	\$ 33,442,555	
Actuarial value of assets	(2)	<u>24,068,415</u>	
Unfunded AAL (UAAL)	(3)	<u>\$ 9,374,140</u>	(1) - (2)
Funded ratio	(4)	<u>72.0%</u>	(2) / (1)
Covered payroll	(5)	<u>\$ 17,188,529</u>	
UAAL as % of covered payroll	(6)	<u>54.5%</u>	(3) / (5)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the System by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Valuation date	12/31/06
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of pay, open For divisions that are closed, a 30-year level dollar method is used
Asset valuation method	10-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	4.5% to 12.9%
Cost-of-Living Adjustments	None

**Includes pay inflation of 4.5%*

Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>Total</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
12/31/97	\$ 3,993,680	\$ 5,664,736	\$ 1,671,056	71%	\$ 6,757,788	25%
12/31/98	5,553,259	6,585,312	1,032,053	84%	7,300,718	14%
12/31/99	7,104,392	8,961,586	1,857,194	79%	8,736,898	21%
12/31/00	8,825,067	10,626,535	1,801,468	83%	9,571,961	19%
12/31/01	10,576,339	12,361,200	1,784,861	86%	11,020,092	16%
12/31/02	12,389,117	15,438,644	3,049,527	80%	13,046,728	23%
12/31/03	15,087,281	18,117,442	3,030,161	84%	14,256,334	22%
12/31/04	17,732,213	22,080,360	4,348,147	80%	15,616,254	28%
12/31/05	20,743,229	25,523,316	4,780,087	81%	15,716,990	30%
12/31/06	24,068,415	33,442,555	9,374,140	72%	17,188,529	55%

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended December 31,	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
1998	\$ 379,041	\$ 379,041	100.0%
1999	442,029	442,029	100.0%
2000	654,259	654,259	100.0%
2001	650,166	650,166	100.0%
2002	783,326	783,326	100.0%
2003	774,093	774,093	100.0%
2004	956,387	956,387	100.0%
2005	972,278	972,278	100.0%
2006	1,187,154	1,187,154	100.0%
2007	1,264,818	1,264,818	100.0%

Component Unit

The Road Commission participates in MERS, an agent multiple-employer defined benefit pension plan that covers nearly all employees of the Road Commission. The Road Commission's MERS plan is separate from that of the County's. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

The obligation to contribute to and maintain the system for these employees was established by resolution of the Road Commission Board.

For the year ended December 31, 2007, the Road Commission's annual pension cost of \$1,025,670 for the plan was equal to the Road Commission's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2006, using the entry age normal cost method. Significant actuarial assumptions used include: (a) an 8.0% investment rate of return; (b) projected salary increases of 4.5% to 12.9% per year, which includes an inflation component of 4.5%; and (c) no post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The amortization period is 30 years. Employees are required to contribute 5.0% of their annual covered payroll.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Three-Year Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$ 823,729	100%	-
12/31/06	928,690	100	-
12/31/07	1,025,670	100	-

The Road Commission exercised early implementation of GASB Statement No. 50, *Pension Disclosures*, as of and for the year ended December 31, 2007.

Funded Status and Funding Progress. The funded status of the MERS as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	(1) \$ 37,585,945	
Actuarial value of assets	(2) <u>28,301,161</u>	
Unfunded AAL (UAAL)	(3) <u>\$ 9,284,784</u>	(1) - (2)
Funded ratio	(4) <u>75.3%</u>	(2) / (1)
Covered payroll	(5) <u>\$ 7,725,580</u>	
UAAL as % of covered payroll	(6) <u>120.2%</u>	(3) / (5)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the system by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

Valuation date	12/31/06
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of pay, closed
Asset valuation method	4-year smoothed market
Amortization Period	30 Years
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	4.5% to 12.9%
Cost-of-Living Adjustments	None

**Includes pay inflation of 4.5%*

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>Total</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
12/31/98	\$ 17,646,976	\$ 18,438,632	\$ 791,656	96%	\$ 4,911,946	16%
12/31/99	19,916,284	19,652,840	(263,444)	101%	5,557,826	0%
12/31/00	21,416,609	21,954,492	537,883	98%	5,393,251	10%
12/31/01	22,474,326	23,152,354	678,028	97%	5,761,249	12%
12/31/02	22,566,839	27,539,205	4,972,366	82%	6,054,035	82%
12/31/03	23,848,237	31,276,579	7,428,342	76%	6,790,857	109%
12/31/04	25,129,965	33,025,576	7,895,611	76%	6,911,250	114%
12/31/05	26,441,658	36,027,271	9,585,613	73%	7,568,848	127%
12/31/06	28,301,161	37,585,945	9,284,784	75%	7,725,580	120%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended December 31,</u>	<u>Annual Required Contribution</u>	<u>Annual Actual Contribution</u>	<u>Percentage Contributed</u>
1998	\$ 199,638	\$ 199,638	100.0%
1999	285,891	285,891	100.0%
2000	302,167	302,167	100.0%
2001	255,130	255,130	100.0%
2002	213,485	213,485	100.0%
2003	610,255	610,255	100.0%
2004	633,502	633,502	100.0%
2005	823,729	823,729	100.0%
2006	928,690	928,690	100.0%
2007	1,025,670	1,025,670	100.0%

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The Road Commission participates in MERS, an agent multiple-employer defined benefit health care plan that covers all full time employees of the Road Commission. The Road Commission's MERS health care plan is separate from that of the County's. The system provides health care, dental, and death benefits to all full time employees upon retirement. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan 48917.

The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Road Commission has made contributions to advance-fund these benefits, as determined by the Board of Commissioners through annual budget resolutions.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the system, and changes in the Road Commission's net OPEB obligation to the system:

Annual required contribution	\$ 1,490,728
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>\$ 1,490,728</u>
Contributions:	
Payments of current premiums	(725,232)
Advance funding	<u>(612,215)</u>
Increase in net OPEB obligation	153,281
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u><u>\$ 153,281</u></u>

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the system, and the net OPEB obligation as of December 31, 2007, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/07	\$ 1,490,728	89.72%	\$ 153,281

Funded Status and Funding Progress. The funded status of the system as of December 31, 2006, the date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	(1)	\$ 21,116,123	
Actuarial value of assets	(2)	<u>852,110</u>	
Unfunded AAL (UAAL)	(3)	<u>\$ 20,264,013</u>	(1) - (2)
Funded ratio	(4)	<u>4.04%</u>	(2) / (1)
Covered payroll	(5)	<u>\$ 7,725,580</u>	
UAAL as % of covered payroll	(6)	<u>262.3%</u>	(3) / (5)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the trust and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by the employer in comparison to the ARC (annual required contribution), an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation includes:

Valuation date	12/31/06
Actuarial cost method	Entry Age Actuarial Cost
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.0%
Projected salary increases*	4.8% to 12.9%
Healthcare cost trend rate*	10% initial; 4.5% ultimate

**Includes pay inflation of 4.5%*

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

SCHEDULE OF FUNDING PROGRESS

	(1)	(2)	(3)	(4)	(5)	(6)
		Actuarial	Unfunded	Funded	Covered	UAAL as
Actuarial	Actuarial	Accrued	AAL	Ratio	Payroll	a % of
Valuation	Value of	Liability	(UAAL)	(1/2)		Covered
Date	Assets	(AAL) -	(2-1)			Payroll
		Entry Age				(3/5)
12/31/06	\$ 852,110	\$ 21,116,123	\$ 20,264,013	4.0%	\$ 7,725,580	262.3%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year	Annual	Annual	Percentage
Ended	Required	Actual	Contributed
	Contribution	Contribution	
2007	\$ 1,490,728	\$ 1,337,447	89.7%

G. Restatements

The beginning fund balance of the general fund and the beginning net assets of the governmental activities were decreased by \$73,812 to correct for prior year revenue recognition errors.

The beginning net assets of the Drain Commissioner component unit were increased by \$34,000 to correct for a prior year revenue recognition error.

WASHTENAW COUNTY

NOTES TO FINANCIAL STATEMENTS

The beginning net assets of the governmental activities were increased by \$135,174 for excess depreciation expense taken in a prior year.

The beginning net assets of the governmental activities were decreased by \$417,802 for accrued interest payable not recognized on certain capital projects related bonds.

* * * * *



**Required
Supplementary Information**

WASHTENAW COUNTY
Employees' Retirement System
Required Supplementary Information

Schedule of Funding Progress - Pension Only

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2-1)	Funded Ratio (1/2)	Covered Payroll	UAAL as a % of Covered Payroll (3/5)
1997	\$ 120,280,457	\$ 117,942,286	\$ (2,338,171)	102.0%	\$ 10,637,600	-22.0%
1998	133,580,663	133,430,791	(149,872)	100.1%	11,295,189	-1.3%
1999	146,587,299	144,026,699	(2,560,600)	101.8%	11,609,168	-22.1%
2000	156,959,460	152,942,076	(4,017,384)	102.6%	11,589,561	-34.7%
2001	163,564,179	166,381,778	2,817,599	98.3%	13,843,557	20.4%
2002	157,473,610	169,389,000	11,915,390	93.0%	12,836,355	92.8%
2003	157,237,691	173,989,111	16,751,420	90.4%	12,332,026	135.8%
2004	150,576,655	177,524,551	26,947,896	84.8%	12,134,962	222.1%
2005	145,093,140	177,684,410	32,591,270	81.7%	11,076,300	294.2%
2006	145,235,953	181,591,924	36,355,971	80.0%	10,243,828	354.9%

For purposes of the Schedule of Funding Progress, the actuarial accrued liability values as shown are determined using the entry age actuarial cost method. However, for purposes of calculating the ARC, the System uses the aggregate cost actuarial funding method, which does not identify or separately amortize unfunded actuarial liabilities.

Schedule of Employer Contributions

Year Ended December 31	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
1998	-	-	0.0%
1999	1,038,243	1,038,243	100.0%
2000	1,513,759	1,513,759	100.0%
2001	1,449,631	1,449,631	100.0%
2002	1,456,780	1,456,780	100.0%
2003	1,651,416	1,651,416	100.0%
2004	2,451,764	2,451,764	100.0%
2005	2,700,525	2,700,525	100.0%
2006	3,845,384	3,845,384	100.0%
2007	4,827,249	4,827,249	100.0%

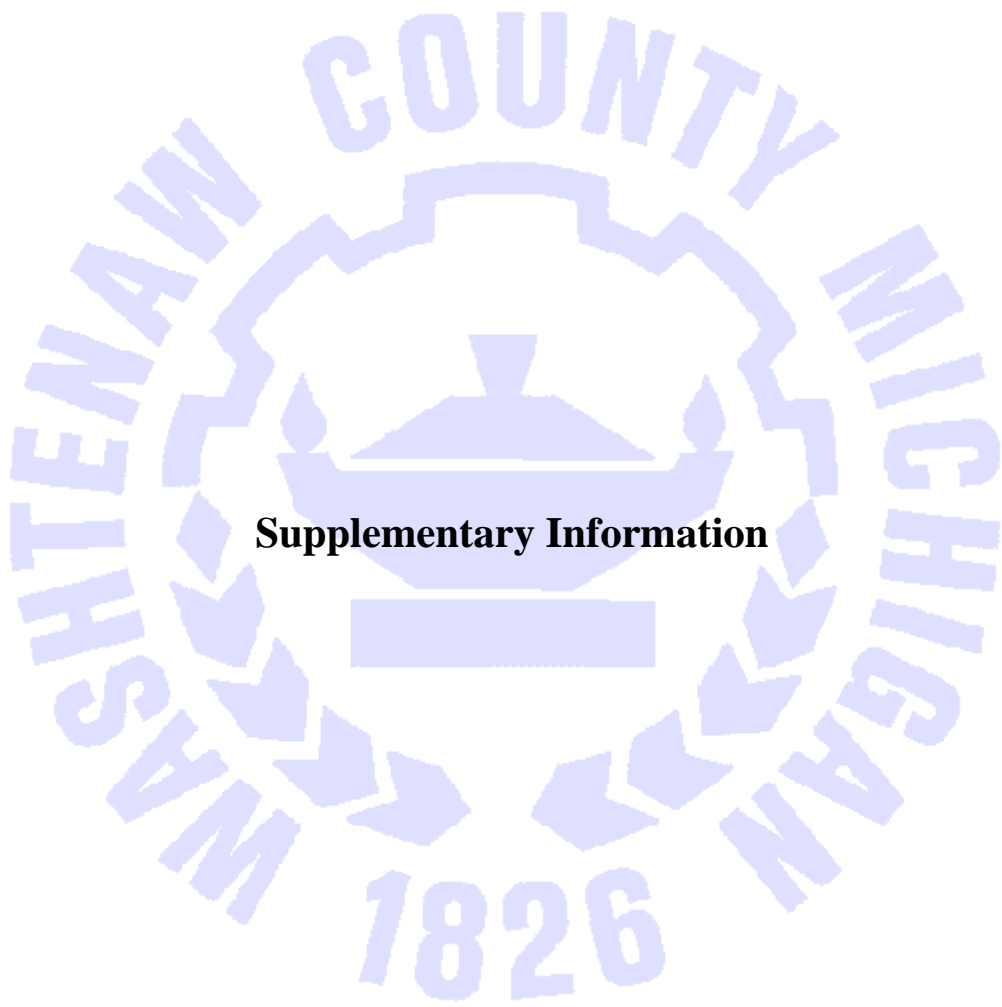
WASHTENAW COUNTY
Voluntary Employees Beneficiary Association
Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL) (2-1)	Funded Ratio (1/2)	Covered Payroll	UAAL as a % of Covered Payroll (3/5)
12/31/04	\$ 30,159,739	\$ 150,053,560	\$ 119,893,821	20.1%	\$ 69,804,470	171.8%
12/31/05	31,646,289	149,890,222	118,243,933	21.1%	71,477,954	165.4%
12/31/06	37,653,565	183,743,134	146,089,569	20.5%	75,492,444	193.5%

**SCHEDULE OF CONTRIBUTIONS FROM THE
EMPLOYER AND OTHER CONTRIBUTING ENTITY**

Year Ended	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
2006	\$ 12,013,367	\$ 8,035,887	66.9%
2007	11,836,428	9,640,671	81.4%



Supplementary Information

WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2007

	Special Revenue Funds					
	<u>Aerial Photo</u>	<u>Brownfield</u>	<u>Building Services</u>	<u>Child Care</u>	<u>Community Corrections</u>	<u>Community Development</u>
<u>ASSETS</u>						
Assets						
Cash and pooled investments	\$ 272,368	\$ 156,237	\$ 10,523	\$ -	\$ -	\$ -
Accounts receivable	-	-	4,745	-	-	-
Due from other governments	-	8,928	-	708,352	82,980	580,376
Notes receivable	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 272,368</u>	<u>\$ 165,165</u>	<u>\$ 15,268</u>	<u>\$ 708,352</u>	<u>\$ 82,980</u>	<u>\$ 580,376</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 132,834	\$ 26,811	\$ -
Accrued liabilities	-	-	15,268	128,592	10,902	12,885
Due to other governments	-	-	-	-	-	-
Interfund payable	-	-	-	291,059	33,379	565,689
Deferred revenue	-	-	-	-	11,377	-
Advances from other governments	-	-	-	-	-	-
Total liabilities	-	-	15,268	552,485	82,469	578,574
Fund balances						
Reserved for prepaid items	-	-	-	-	-	-
Unreserved, undesignated	272,368	165,165	-	155,867	511	1,802
Total fund balances	272,368	165,165	-	155,867	511	1,802
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 272,368</u>	<u>\$ 165,165</u>	<u>\$ 15,268</u>	<u>\$ 708,352</u>	<u>\$ 82,980</u>	<u>\$ 580,376</u>

Special Revenue Funds

County Library	Drain Commission Grants	E-911	Employment Training and Community Services	Environ- mental Health	Department of Human Services	Friend of the Court	Head Start	HIDTA Grant
\$ 157,012	\$ 239,528	\$ 480,735	\$ -	\$ 202,914	\$ 65,389	\$ -	\$ -	\$ -
-	17,395	967	-	-	-	-	-	-
-	-	-	784,501	123,282	55,440	910,396	285,399	303,612
-	-	-	-	-	-	-	-	-
-	-	-	33,204	-	-	-	-	-
<u>\$ 157,012</u>	<u>\$ 256,923</u>	<u>\$ 481,702</u>	<u>\$ 817,705</u>	<u>\$ 326,196</u>	<u>\$ 120,829</u>	<u>\$ 910,396</u>	<u>\$ 285,399</u>	<u>\$ 303,612</u>
\$ -	\$ 130,352	\$ 247,931	\$ -	\$ 82	\$ -	\$ 1,031	\$ -	\$ 52,173
16,125	-	4,206	49,120	72,371	-	123,649	57,545	11,414
-	-	-	-	-	-	1,822	-	-
-	-	-	117,161	-	-	581,670	79,308	240,025
-	63,801	-	294,811	-	-	-	-	-
-	-	-	-	-	82,000	-	-	-
<u>16,125</u>	<u>194,153</u>	<u>252,137</u>	<u>461,092</u>	<u>72,453</u>	<u>82,000</u>	<u>708,172</u>	<u>136,853</u>	<u>303,612</u>
-	-	-	33,204	-	-	-	-	-
<u>140,887</u>	<u>62,770</u>	<u>229,565</u>	<u>323,409</u>	<u>253,743</u>	<u>38,829</u>	<u>202,224</u>	<u>148,546</u>	<u>-</u>
<u>140,887</u>	<u>62,770</u>	<u>229,565</u>	<u>356,613</u>	<u>253,743</u>	<u>38,829</u>	<u>202,224</u>	<u>148,546</u>	<u>-</u>
<u>\$ 157,012</u>	<u>\$ 256,923</u>	<u>\$ 481,702</u>	<u>\$ 817,705</u>	<u>\$ 326,196</u>	<u>\$ 120,829</u>	<u>\$ 910,396</u>	<u>\$ 285,399</u>	<u>\$ 303,612</u>

Continued...

WASHTENAW COUNTY
Combining Balance Sheet - Nonmajor Governmental Funds (Concluded)
December 31, 2007

	Special Revenue Funds					
	Homeland Security Grants	Inmate Concessions	Juvenile Grants	Other Special Revenue Funds	Planning Grants	Prosecuting Attorney Grants
<u>ASSETS</u>						
Assets						
Cash and pooled investments	\$ -	\$ 302,828	\$ -	\$ 897,916	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other governments	816,994	-	74,279	5,453	113,724	166,332
Notes receivable	-	-	-	195,799	-	-
Prepaid items	-	-	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 816,994</u>	<u>\$ 302,828</u>	<u>\$ 74,279</u>	<u>\$ 1,099,168</u>	<u>\$ 113,724</u>	<u>\$ 166,332</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable	\$ -	\$ 100	\$ 3,909	\$ 11,333	\$ 3,000	\$ -
Accrued liabilities	5,135	-	-	73,446	-	17,494
Due to other governments	-	-	-	-	-	250
Interfund payable	789,300	-	67,728	-	83,364	19,085
Deferred revenue	-	-	2,476	-	-	-
Advances from other governments	-	-	-	-	-	-
Total liabilities	794,435	100	74,113	84,779	86,364	36,829
Fund balances						
Reserved for prepaid items	-	-	-	-	-	-
Unreserved, undesignated	22,559	302,728	166	1,014,389	27,360	129,503
Total fund balances	22,559	302,728	166	1,014,389	27,360	129,503
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 816,994</u>	<u>\$ 302,828</u>	<u>\$ 74,279</u>	<u>\$ 1,099,168</u>	<u>\$ 113,724</u>	<u>\$ 166,332</u>

Special Revenue Funds				Debt Service		Capital Projects	Total Other Governmental Funds
Public Health	Public Works Solid Waste Program	Sheriff's Grants	Veterans' Trust	County	Building Authority	Building Authority	
\$ 457,000	\$ -	\$ 586,814	\$ 5,993	\$ 397	\$ 13,643	\$ 2,020,565	\$ 5,869,862
411,332	137,000	-	-	-	-	-	571,439
929,823	-	104,798	-	-	-	-	6,054,669
-	-	-	-	-	-	-	195,799
554	-	-	-	-	-	-	33,758
<u>\$ 1,798,709</u>	<u>\$ 137,000</u>	<u>\$ 691,612</u>	<u>\$ 5,993</u>	<u>\$ 397</u>	<u>\$ 13,643</u>	<u>\$ 2,020,565</u>	<u>\$ 12,725,527</u>
\$ 119,327	\$ -	\$ 10,824	\$ -	\$ -	\$ -	\$ -	\$ 739,707
269,433	5,601	6,901	108	-	-	-	880,195
809,670	-	3,161	-	-	-	-	814,903
-	33,960	-	-	-	-	-	2,901,728
16,606	-	13,555	-	-	-	-	402,626
-	-	1,200	-	-	-	-	83,200
<u>1,215,036</u>	<u>39,561</u>	<u>35,641</u>	<u>108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,822,359</u>
554	-	-	-	-	-	-	33,758
583,119	97,439	655,971	5,885	397	13,643	2,020,565	6,869,410
583,673	97,439	655,971	5,885	397	13,643	2,020,565	6,903,168
<u>\$ 1,798,709</u>	<u>\$ 137,000</u>	<u>\$ 691,612</u>	<u>\$ 5,993</u>	<u>\$ 397</u>	<u>\$ 13,643</u>	<u>\$ 2,020,565</u>	<u>\$ 12,725,527</u>

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds
Year Ended December 31, 2007

	Special Revenue Funds					
	Aerial Photo	Brownfield	Building Services	Child Care	Community Corrections	Community Development
Revenues						
Taxes	\$ -	\$ 198,328	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	901,747	-	-	-
Intergovernmental	-	41,610	-	4,868,361	578,136	1,729,462
Charges for services	8,215	-	275	-	211,500	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	15,124	2,725	(8,369)	-	-	-
Other	-	-	-	625,260	34,856	317,938
Total revenues	23,339	242,663	893,653	5,493,621	824,492	2,047,400
Expenditures						
Current:						
Judicial	-	-	-	-	1,095,247	-
General government	-	40,757	-	-	-	3,863
Public safety	-	-	899,249	-	-	-
Public works	-	36,741	-	-	-	-
Health	-	-	192,901	-	-	-
Social services	-	-	-	10,755,460	-	2,076,735
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	-	77,498	1,092,150	10,755,460	1,095,247	2,080,598
Revenues over (under) expenditures	23,339	165,165	(198,497)	(5,261,839)	(270,755)	(33,198)
Other financing sources (uses)						
Transfers in	-	-	198,497	5,395,388	239,520	35,000
Transfers out	-	-	-	(2,346)	-	-
Total other sources (uses)	-	-	198,497	5,393,042	239,520	35,000
Net change in fund balances	23,339	165,165	-	131,203	(31,235)	1,802
Fund balances, beginning of year	249,029	-	-	24,664	31,746	-
Fund balances, end of year	\$ 272,368	\$ 165,165	\$ -	\$ 155,867	\$ 511	\$ 1,802

Special Revenue Funds

County Library	Drain Commission Grants	E-911	Employment Training and Community Service	Environmental Health	Department of Human Services	Friend of the Court	Head Start	HIDTA Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,380,969	-	-	-	-
53,533	82,950	-	8,621,737	788,313	569,233	3,910,938	3,398,655	1,122,934
-	-	1,805,284	-	10,828	-	269,862	-	-
3,499	-	-	-	9,615	-	1,288	-	-
-	11,058	41,910	-	5,871	(1)	-	-	-
33,112	28,265	40,824	266,475	7,255	-	387	693,670	-
90,144	122,273	1,888,018	8,888,212	2,202,851	569,232	4,182,475	4,092,325	1,122,934
-	-	-	-	-	-	5,831,454	-	-
-	-	-	-	-	-	-	-	-
-	-	1,293,572	-	-	-	-	-	1,122,934
-	149,151	-	-	-	-	-	-	-
-	-	-	-	3,564,415	-	-	-	-
-	-	-	9,428,913	-	636,449	-	4,641,359	-
936,955	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
936,955	149,151	1,293,572	9,428,913	3,564,415	636,449	5,831,454	4,641,359	1,122,934
(846,811)	(26,878)	594,446	(540,701)	(1,361,564)	(67,217)	(1,648,979)	(549,034)	-
899,692	9,551	99,384	532,016	1,447,478	38,739	1,739,964	692,061	-
-	-	(975,276)	-	-	-	-	(147,218)	-
899,692	9,551	(875,892)	532,016	1,447,478	38,739	1,739,964	544,843	-
52,881	(17,327)	(281,446)	(8,685)	85,914	(28,478)	90,985	(4,191)	-
88,006	80,097	511,011	365,298	167,829	67,307	111,239	152,737	-
\$ 140,887	\$ 62,770	\$ 229,565	\$ 356,613	\$ 253,743	\$ 38,829	\$ 202,224	\$ 148,546	\$ -

Continued...

WASHTENAW COUNTY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Nonmajor Governmental Funds (Concluded)
Year Ended December 31, 2007

	Special Revenue Funds					
	Homeland Security Grants	Inmate Concessions	Juvenile Grants	Other Special Revenue Funds	Planning Grants	Prosecuting Attorney Grants
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	411,685	-	133,042	146,120	204,430	671,526
Charges for services	-	-	-	160,662	-	-
Fines and forfeits	-	-	-	8,500	-	145
Investment income (loss)	(1)	23,086	(1,545)	64,078	263	-
Other	-	364,217	397,298	69,236	91,876	2
Total revenues	411,684	387,303	528,795	448,596	296,569	671,673
Expenditures						
Current:						
Judicial	-	-	-	19,765	-	-
General government	-	-	-	2,220	273,752	-
Public safety	482,294	364,896	-	-	-	907,085
Public works	-	-	-	-	-	-
Health	-	-	-	198,085	-	-
Social services	-	-	596,424	445,180	-	-
Culture and recreation	-	-	-	7,312	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	482,294	364,896	596,424	672,562	273,752	907,085
Revenues over (under) expenditures	(70,610)	22,407	(67,629)	(223,966)	22,817	(235,412)
Other financing sources (uses)						
Transfers in	35,304	-	67,631	510,589	-	224,076
Transfers out	-	-	-	(470,394)	-	-
Total other sources (uses)	35,304	-	67,631	40,195	-	224,076
Net change in fund balances	(35,306)	22,407	2	(183,771)	22,817	(11,336)
Fund balances, beginning of year	57,865	280,321	164	1,198,160	4,543	140,839
Fund balances, end of year	<u>\$ 22,559</u>	<u>\$ 302,728</u>	<u>\$ 166</u>	<u>\$ 1,014,389</u>	<u>\$ 27,360</u>	<u>\$ 129,503</u>

Special Revenue Funds				Debt Service		Capital Projects	Total Other Governmental Funds
Public Health	Public Works Solid Waste Program	Sheriff's Grants	Veterans' Trust	County	Building Authority	Building Authority	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,328
-	-	-	-	-	-	-	2,282,716
5,772,909	25,101	449,492	25,056	482,051	40,476	-	34,127,750
1,482,391	-	48,845	-	-	-	-	3,997,862
-	-	40,798	-	-	-	-	63,845
-	1,278	35,792	-	(121)	244	94,662	286,054
99,095	521,730	-	-	-	-	-	3,591,496
7,354,395	548,109	574,927	25,056	481,930	40,720	94,662	44,548,051
-	-	-	-	-	-	-	6,946,466
-	-	-	-	-	-	-	320,592
-	-	639,672	-	-	-	-	5,709,702
-	557,562	-	-	-	-	-	743,454
12,833,221	-	-	-	-	-	-	16,788,622
-	-	-	24,620	-	-	-	28,605,140
-	-	-	-	-	-	-	944,267
-	-	-	-	2,519,476	1,705,000	-	4,224,476
-	-	-	-	2,279,422	324,172	-	2,603,594
-	-	-	-	-	-	644,189	644,189
12,833,221	557,562	639,672	24,620	4,798,898	2,029,172	644,189	67,530,502
(5,478,826)	(9,453)	(64,745)	436	(4,316,968)	(1,988,452)	(549,527)	(22,982,451)
5,542,948	-	18,498	-	4,316,429	1,988,215	1,053,509	25,084,489
-	-	-	-	-	-	-	(1,595,234)
5,542,948	-	18,498	-	4,316,429	1,988,215	1,053,509	23,489,255
64,122	(9,453)	(46,247)	436	(539)	(237)	503,982	506,804
519,551	106,892	702,218	5,449	936	13,880	1,516,583	6,396,364
\$ 583,673	\$ 97,439	\$ 655,971	\$ 5,885	\$ 397	\$ 13,643	\$ 2,020,565	\$ 6,903,168

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds
Year Ended December 31, 2007

	Aerial Photo			Brownfield		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,130,000	\$ 198,328	\$ (931,672)
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	500,000	41,610	(458,390)
Charges for services	80,000	8,215	(71,785)	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	15,124	15,124	-	2,725	2,725
Other	-	-	-	300,000	-	(300,000)
Total revenues	80,000	23,339	(56,661)	1,930,000	242,663	(1,687,337)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	80,000	-	80,000	200,000	40,757	159,243
Public safety	-	-	-	-	-	-
Public works	-	-	-	384,550	36,741	347,809
Health	-	-	-	1,345,450	-	1,345,450
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	80,000	-	80,000	1,930,000	77,498	1,852,502
Revenues over (under) expenditures	-	23,339	23,339	-	165,165	165,165
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	23,339	23,339	-	165,165	165,165
Fund balances, beginning of year	249,029	249,029	-	-	-	-
Fund balances, end of year	\$ 249,029	\$ 272,368	\$ 23,339	\$ -	\$ 165,165	\$ 165,165

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2007

	Building Services			Child Care		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,308,686	901,747	(406,939)	-	-	-
Intergovernmental	-	-	-	5,096,527	4,868,361	(228,166)
Charges for services	600	275	(325)	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	-	(8,369)	(8,369)	-	-	-
Other	-	-	-	752,099	625,260	(126,839)
Total revenues	1,309,286	893,653	(415,633)	5,848,626	5,493,621	(355,005)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	988,041	899,249	88,792	-	-	-
Public works	-	-	-	-	-	-
Health	271,248	192,901	78,347	-	-	-
Social services	-	-	-	11,229,076	10,755,460	473,616
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,259,289	1,092,150	167,139	11,229,076	10,755,460	473,616
Revenues over (under) expenditures	49,997	(198,497)	(248,494)	(5,380,450)	(5,261,839)	118,611
Other financing sources (uses)						
Transfers in	-	198,497	198,497	5,395,386	5,395,388	2
Transfers out	(49,997)	-	49,997	(14,936)	(2,346)	12,590
Total other sources (uses)	(49,997)	198,497	248,494	5,380,450	5,393,042	12,592
Net change in fund balances	-	-	-	-	131,203	131,203
Fund balances, beginning of year	-	-	-	24,664	24,664	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 24,664	\$ 155,867	\$ 131,203

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

	Community Corrections			Community Development		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	706,062	578,136	(127,926)	2,025,543	1,729,462	(296,081)
Charges for services	401,926	211,500	(190,426)	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Other	225,519	34,856	(190,663)	252,902	317,938	65,036
Total revenues	1,333,507	824,492	(509,015)	2,278,445	2,047,400	(231,045)
Expenditures						
Current:						
Judicial	1,333,507	1,095,247	238,260	-	-	-
General government	-	-	-	5,100	3,863	1,237
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	2,273,345	2,076,735	196,610
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,333,507	1,095,247	238,260	2,278,445	2,080,598	197,847
Revenues over (under) expenditures	-	(270,755)	(270,755)	-	(33,198)	(33,198)
Other financing sources (uses)						
Transfers in	-	239,520	239,520	-	35,000	35,000
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	239,520	239,520	-	35,000	35,000
Net change in fund balances	-	(31,235)	(31,235)	-	1,802	1,802
Fund balances, beginning of year	31,746	31,746	-	-	-	-
Fund balances, end of year	\$ 31,746	\$ 511	\$ (31,235)	\$ -	\$ 1,802	\$ 1,802

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

	County Library			Drain Commission Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	45,980	53,533	7,553	-	82,950	82,950
Charges for services	-	-	-	-	-	-
Fines and forfeits	1,100	3,499	2,399	-	-	-
Investment income	-	-	-	-	11,058	11,058
Other	-	33,112	33,112	-	28,265	28,265
Total revenues	47,080	90,144	43,064	-	122,273	122,273
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	84,550	149,151	(64,601)
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Culture and recreation	946,770	936,955	9,815	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	946,770	936,955	9,815	84,550	149,151	(64,601)
Revenues over (under) expenditures	(899,690)	(846,811)	52,879	(84,550)	(26,878)	57,672
Other financing sources (uses)						
Transfers in	899,690	899,692	2	84,550	9,551	(74,999)
Transfers out	-	-	-	-	-	-
Total other sources (uses)	899,690	899,692	2	84,550	9,551	(74,999)
Net change in fund balances	-	52,881	52,881	-	(17,327)	(17,327)
Fund balances, beginning of year	88,006	88,006	-	80,097	80,097	-
Fund balances, end of year	\$ 88,006	\$ 140,887	\$ 52,881	\$ 80,097	\$ 62,770	\$ (17,327)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

	E-911			Employment Training and Community Services		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	9,358,373	8,621,737	(736,636)
Charges for services	2,100,000	1,805,284	(294,716)	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income	-	41,910	41,910	-	-	-
Other	30,000	40,824	10,824	253,124	266,475	13,351
Total revenues	2,130,000	1,888,018	(241,982)	9,611,497	8,888,212	(723,285)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,237,937	1,293,572	(55,635)	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	10,143,513	9,428,913	714,600
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,237,937	1,293,572	(55,635)	10,143,513	9,428,913	714,600
Revenues over (under) expenditures	892,063	594,446	(297,617)	(532,016)	(540,701)	(8,685)
Other financing sources (uses)						
Transfers in	115,991	99,384	(16,607)	532,016	532,016	-
Transfers out	(1,008,054)	(975,276)	32,778	-	-	-
Total other sources (uses)	(892,063)	(875,892)	16,171	532,016	532,016	-
Net change in fund balances	-	(281,446)	(281,446)	-	(8,685)	(8,685)
Fund balances, beginning of year	511,011	511,011	-	365,298	365,298	-
Fund balances, end of year	\$ 511,011	\$ 229,565	\$ (281,446)	\$ 365,298	\$ 356,613	\$ (8,685)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

	Environmental Health			Department of Human Services		
	Final		Variance with	Final		Variance with
	Budget	Actual	Final Budget	Budget	Actual	Final Budget
			+ (-)			+ (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,728,467	1,380,969	(347,498)	-	-	-
Intergovernmental	795,707	788,313	(7,394)	800,000	569,233	(230,767)
Charges for services	128,485	10,828	(117,657)	-	-	-
Fines and forfeits	8,926	9,615	689	-	-	-
Investment income (loss)	-	5,871	5,871	-	(1)	(1)
Other	7,180	7,255	75	-	-	-
Total revenues	2,668,765	2,202,851	(465,914)	800,000	569,232	(230,768)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	4,101,233	3,564,415	536,818	-	-	-
Social services	-	-	-	854,109	636,449	217,660
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	4,101,233	3,564,415	536,818	854,109	636,449	217,660
Revenues over (under) expenditures	(1,432,468)	(1,361,564)	70,904	(54,109)	(67,217)	(13,108)
Other financing sources (uses)						
Transfers in	1,432,468	1,447,478	15,010	54,109	38,739	(15,370)
Transfers out	-	-	-	-	-	-
Total other sources (uses)	1,432,468	1,447,478	15,010	54,109	38,739	(15,370)
Net change in fund balances	-	85,914	85,914	-	(28,478)	(28,478)
Fund balances, beginning of year	167,829	167,829	-	67,307	67,307	-
Fund balances, end of year	\$ 167,829	\$ 253,743	\$ 85,914	\$ 67,307	\$ 38,829	\$ (28,478)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

	Friend of the Court			Head Start		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,010,767	3,910,938	(99,829)	3,684,227	3,398,655	(285,572)
Charges for services	185,000	269,862	84,862	-	-	-
Fines and forfeits	-	1,288	1,288	-	-	-
Investment income	-	-	-	-	-	-
Other	-	387	387	435,441	693,670	258,229
Total revenues	4,195,767	4,182,475	(13,292)	4,119,668	4,092,325	(27,343)
Expenditures						
Current:						
Judicial	6,035,729	5,831,454	204,275	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	4,627,300	4,641,359	(14,059)
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	6,035,729	5,831,454	204,275	4,627,300	4,641,359	(14,059)
Revenues over (under) expenditures	(1,839,962)	(1,648,979)	190,983	(507,632)	(549,034)	(41,402)
Other financing sources (uses)						
Transfers in	1,839,962	1,739,964	(99,998)	660,947	692,061	31,114
Transfers out	-	-	-	(153,315)	(147,218)	6,097
Total other sources (uses)	1,839,962	1,739,964	(99,998)	507,632	544,843	37,211
Net change in fund balances	-	90,985	90,985	-	(4,191)	(4,191)
Fund balances, beginning of year	111,239	111,239	-	152,737	152,737	-
Fund balances, end of year	\$ 111,239	\$ 202,224	\$ 90,985	\$ 152,737	\$ 148,546	\$ (4,191)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

	HIDTA Grant			Homeland Security Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,129,300	1,122,934	(6,366)	1,419,755	411,685	(1,008,070)
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	(1)	(1)
Other	-	-	-	-	-	-
Total revenues	1,129,300	1,122,934	(6,366)	1,419,755	411,684	(1,008,071)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,129,300	1,122,934	6,366	1,459,463	482,294	977,169
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,129,300	1,122,934	6,366	1,459,463	482,294	977,169
Revenues over (under) expenditures	-	-	-	(39,708)	(70,610)	(30,902)
Other financing sources (uses)						
Transfers in	-	-	-	39,708	35,304	(4,404)
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	-	-	39,708	35,304	(4,404)
Net change in fund balances	-	-	-	-	(35,306)	(35,306)
Fund balances, beginning of year	-	-	-	57,865	57,865	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 57,865	\$ 22,559	\$ (35,306)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Continued)
Year Ended December 31, 2007

	Inmate Concessions			Juvenile Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	568,399	133,042	(435,357)
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	-	23,086	23,086	-	(1,545)	(1,545)
Other	270,972	364,217	93,245	577,800	397,298	(180,502)
Total revenues	270,972	387,303	116,331	1,146,199	528,795	(617,404)
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	270,972	364,896	(93,924)	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	1,151,221	596,424	554,797
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	270,972	364,896	(93,924)	1,151,221	596,424	554,797
Revenues over (under) expenditures	-	22,407	22,407	(5,022)	(67,629)	(62,607)
Other financing sources (uses)						
Transfers in	-	-	-	5,022	67,631	62,609
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	-	-	5,022	67,631	62,609
Net change in fund balances	-	22,407	22,407	-	2	2
Fund balances, beginning of year	280,321	280,321	-	164	164	-
Fund balances, end of year	\$ 280,321	\$ 302,728	\$ 22,407	\$ 164	\$ 166	\$ 2

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2007

	Other Special Revenue Funds			Planning Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	172,000	146,120	(25,880)	214,122	204,430	(9,692)
Charges for services	-	160,662	160,662	-	-	-
Fines and forfeits	8,500	8,500	-	-	-	-
Investment income	-	64,078	64,078	-	263	263
Other	51,804	69,236	17,432	38,529	91,876	53,347
Total revenues	232,304	448,596	216,292	252,651	296,569	43,918
Expenditures						
Current:						
Judicial	20,900	19,765	1,135	-	-	-
General government	-	2,220	(2,220)	253,851	273,752	(19,901)
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health	942,500	198,085	744,415	-	-	-
Social services	451,304	445,180	6,124	-	-	-
Culture and recreation	16,040	7,312	8,728	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,430,744	672,562	758,182	253,851	273,752	(19,901)
Revenues over (under) expenditures	(1,198,440)	(223,966)	974,474	(1,200)	22,817	24,017
Other financing sources (uses)						
Transfers in	1,198,440	510,589	(687,851)	-	-	-
Transfers out	-	(470,394)	(470,394)	-	-	-
Total other sources (uses)	1,198,440	40,195	(1,158,245)	-	-	-
Net change in fund balances	-	(183,771)	(183,771)	(1,200)	22,817	24,017
Fund balances, beginning of year	1,198,160	1,198,160	-	4,543	4,543	-
Fund balances, end of year	\$ 1,198,160	\$ 1,014,389	\$ (183,771)	\$ 3,343	\$ 27,360	\$ 24,017

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2007

	Prosecuting Attorney Grants			Public Health		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,420,605	671,526	(749,079)	5,621,238	5,772,909	151,671
Charges for services	-	-	-	1,290,928	1,482,391	191,463
Fines and forfeits	-	145	145	-	-	-
Investment income	-	-	-	-	-	-
Other	-	2	2	108,404	99,095	(9,309)
Total revenues	1,420,605	671,673	(748,932)	7,020,570	7,354,395	333,825
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	1,644,680	907,085	737,595	-	-	-
Public works	-	-	-	-	-	-
Health	-	-	-	9,814,753	12,833,221	(3,018,468)
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	1,644,680	907,085	737,595	9,814,753	12,833,221	(3,018,468)
Revenues over (under) expenditures	(224,075)	(235,412)	(11,337)	(2,794,183)	(5,478,826)	(2,684,643)
Other financing sources (uses)						
Transfers in	224,075	224,076	1	2,794,183	5,542,948	2,748,765
Transfers out	-	-	-	-	-	-
Total other sources (uses)	224,075	224,076	1	2,794,183	5,542,948	2,748,765
Net change in fund balances	-	(11,336)	(11,336)	-	64,122	64,122
Fund balances, beginning of year	140,839	140,839	-	519,551	519,551	-
Fund balances, end of year	\$ 140,839	\$ 129,503	\$ (11,336)	\$ 519,551	\$ 583,673	\$ 64,122

WASHTENAW COUNTY

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Final Budget and Actual - Nonmajor Special Revenue Funds (Continued) Year Ended December 31, 2007

	Public Works Solid Waste Program			Sheriff's Grants		
	Final Budget	Actual	Variance with Final Budget + (-)	Final Budget	Actual	Variance with Final Budget + (-)
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	9,600	25,101	15,501	514,140	449,492	(64,648)
Charges for services	-	-	-	48,000	48,845	845
Fines and forfeits	-	-	-	-	40,798	40,798
Investment income	7,000	1,278	(5,722)	-	35,792	35,792
Other	420,055	521,730	101,675	-	-	-
Total revenues	436,655	548,109	111,454	562,140	574,927	12,787
Expenditures						
Current:						
Judicial	-	-	-	-	-	-
General government	-	-	-	-	-	-
Public safety	-	-	-	565,314	639,672	(74,358)
Public works	437,480	557,562	(120,082)	-	-	-
Health	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	437,480	557,562	(120,082)	565,314	639,672	(74,358)
Revenues over (under) expenditures	(825)	(9,453)	(8,628)	(3,174)	(64,745)	(61,571)
Other financing sources (uses)						
Transfers in	-	-	-	3,174	18,498	15,324
Transfers out	-	-	-	-	-	-
Total other sources (uses)	-	-	-	3,174	18,498	15,324
Net change in fund balances	(825)	(9,453)	(8,628)	-	(46,247)	(46,247)
Fund balances, beginning of year	106,892	106,892	-	702,218	702,218	-
Fund balances, end of year	\$ 106,067	\$ 97,439	\$ (8,628)	\$ 702,218	\$ 655,971	\$ (46,247)

WASHTENAW COUNTY
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance -
Final Budget and Actual - Nonmajor Special Revenue Funds (Concluded)
Year Ended December 31, 2007

	Veterans' Trust		
	Final Budget	Actual	Variance with Final Budget + (-)
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	29,264	25,056	(4,208)
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment income	-	-	-
Other	-	-	-
Total revenues	29,264	25,056	(4,208)
Expenditures			
Current:			
Judicial	-	-	-
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health	-	-	-
Social services	29,264	24,620	4,644
Culture and recreation	-	-	-
Other	-	-	-
Capital outlay	-	-	-
Total expenditures	29,264	24,620	4,644
Revenues over (under) expenditures	-	436	436
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other sources (uses)	-	-	-
Net change in fund balances	-	436	436
Fund balances, beginning of year	5,449	5,449	-
Fund balances, end of year	\$ 5,449	\$ 5,885	\$ 436

WASHTENAW COUNTY
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2007

	<u>Property Foreclosure</u>	<u>Principal Residence Exemption</u>	<u>Total</u>
Assets			
Current assets -			
Cash and pooled investments	\$ 2,086,547	\$ 3,412	\$ 2,089,959
Noncurrent assets -			
Capital assets, net	<u>17,841</u>	<u>-</u>	<u>17,841</u>
Total assets	<u>2,104,388</u>	<u>3,412</u>	<u>2,107,800</u>
Liabilities			
Current liabilities:			
Accrued liabilities	4,298	878	5,176
Accrued compensated absences, current portion	<u>4,010</u>	<u>-</u>	<u>4,010</u>
Total current liabilities	8,308	878	9,186
Long-term liabilities -			
Accrued compensated absences	<u>11,439</u>	<u>-</u>	<u>11,439</u>
Total liabilities	<u>19,747</u>	<u>878</u>	<u>20,625</u>
Net assets			
Invested in capital assets	17,841	-	17,841
Unrestricted	<u>2,066,800</u>	<u>2,534</u>	<u>2,069,334</u>
Total net assets	<u>\$ 2,084,641</u>	<u>\$ 2,534</u>	<u>\$ 2,087,175</u>

WASHTENAW COUNTY
Combining Statement of Revenues, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
Year Ended December 31, 2007

	Property Foreclosure	Principal Residence Exemption	Total
Operating revenues			
Charges for services	\$ 449,036	\$ -	\$ 449,036
Investment income	-	13,923	13,923
	<hr/>	<hr/>	<hr/>
Total operating revenues	449,036	13,923	462,959
	<hr/>	<hr/>	<hr/>
Operating expenses			
Personnel services	219,426	29,259	248,685
Contractual services	56,203	-	56,203
Supplies	35,307	-	35,307
Telephone	1,330	-	1,330
Equipment repair and rental	1,295	-	1,295
Other	91,081	-	91,081
Depreciation	3,567	-	3,567
	<hr/>	<hr/>	<hr/>
Total operating expenses	408,209	29,259	437,468
	<hr/>	<hr/>	<hr/>
Operating income (loss)	40,827	(15,336)	25,491
	<hr/>	<hr/>	<hr/>
Non-operating income			
Investment earnings	115,970	172	116,142
	<hr/>	<hr/>	<hr/>
Change in net assets	156,797	(15,164)	141,633
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year	1,927,844	17,698	1,945,542
	<hr/>	<hr/>	<hr/>
Net assets	\$ 2,084,641	\$ 2,534	\$ 2,087,175
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

WASHTENAW COUNTY
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2007

	Property Foreclosure	Principal Residence Exemption	Total
Cash flows from operating activities			
Cash received from customers	\$ 449,036	\$ 13,923	\$ 462,959
Cash payments to employees	(214,623)	(29,091)	(243,714)
Cash payments to suppliers	(185,216)	-	(185,216)
Net cash provided (used) by operating activities	49,197	(15,168)	34,029
Cash flows from capital and related financing activities			
Payments for equipment acquisitions	(21,408)	-	(21,408)
Cash flows from investing activities			
Investment earnings	115,970	172	116,142
Net increase (decrease) in cash and cash equivalents	143,759	(14,996)	128,763
Cash and cash equivalents, beginning of year	1,942,788	18,408	1,961,196
Cash and cash equivalents, end of year	<u>\$ 2,086,547</u>	<u>\$ 3,412</u>	<u>\$ 2,089,959</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 40,827	\$ (15,336)	\$ 25,491
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,567	-	3,567
Changes in assets and liabilities:			
Accrued liabilities	940	168	1,108
Accrued compensated absences	3,863	-	3,863
Net cash provided (used) by operating activities	<u>\$ 49,197</u>	<u>\$ (15,168)</u>	<u>\$ 34,029</u>

WASHTENAW COUNTY
Combining Statement of Net Assets
Internal Service Funds
December 31, 2007

	Facilities Management Revolving	Fleet Management Revolving	Fringe Benefit Revolving
Assets			
Current assets:			
Cash and pooled investments	\$ 424,039	\$ 105,916	\$ 420,686
Accounts receivable	123,374	-	179,226
Due from other governments	60,000	-	558
Inventories	-	75,500	-
Prepaid items	8,611	-	-
	<hr/>	<hr/>	<hr/>
Total current assets	616,024	181,416	600,470
Noncurrent assets:			
Capital assets, net	-	2,574,254	-
	<hr/>	<hr/>	<hr/>
Total assets	616,024	2,755,670	600,470
	<hr/>	<hr/>	<hr/>
Liabilities			
Current liabilities:			
Accounts payable	109,142	84,699	232,531
Accrued liabilities	66,731	5,582	11,261
	<hr/>	<hr/>	<hr/>
Total current liabilities	175,873	90,281	243,792
	<hr/>	<hr/>	<hr/>
Long-term liabilities:			
Accrued compensated absences	342,258	17,868	-
Advances from other funds	96,321	-	-
	<hr/>	<hr/>	<hr/>
Total long-term liabilities	438,579	17,868	-
	<hr/>	<hr/>	<hr/>
Total liabilities	614,452	108,149	243,792
	<hr/>	<hr/>	<hr/>
Net assets			
Invested in capital assets	-	2,574,254	-
Unrestricted	1,572	73,267	356,678
	<hr/>	<hr/>	<hr/>
Total net assets	<u>\$ 1,572</u>	<u>\$ 2,647,521</u>	<u>\$ 356,678</u>

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ 194,502	\$ 874,129	\$ 967,117	\$ 49,602	\$ 731,070	\$ 3,767,061
-	-	-	-	77,000	379,600
2,060	-	-	-	-	62,618
23,375	-	-	-	-	98,875
50,000	741,845	-	-	-	800,456
269,937	1,615,974	967,117	49,602	808,070	5,108,610
214,606	-	-	70,321	-	2,859,181
484,543	1,615,974	967,117	119,923	808,070	7,967,791
33,197	6,674	-	38,457	24,600	529,300
-	1,081,914	961,000	-	718,000	2,844,488
33,197	1,088,588	961,000	38,457	742,600	3,373,788
-	-	-	-	-	360,126
-	-	-	81,466	-	177,787
-	-	-	81,466	-	537,913
33,197	1,088,588	961,000	119,923	742,600	3,911,701
214,606	-	-	-	-	2,788,860
236,740	527,386	6,117	-	65,470	1,267,230
<u>\$ 451,346</u>	<u>\$ 527,386</u>	<u>\$ 6,117</u>	<u>\$ -</u>	<u>\$ 65,470</u>	<u>\$ 4,056,090</u>

WASHTENAW COUNTY
Combining Statement of Revenues,
Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2007

	Facilities Management Revolving	Fleet Management Revolving	Fringe Benefit Revolving
Operating revenues			
Charges for services	\$ 7,395,721	\$ 2,397,440	\$ 3,237,281
Operating expenses			
Personnel services	2,666,876	158,115	-
Contractual services	324,441	15,342	24,728
Supplies	472,918	759,430	-
Occupancy	2,358,957	324,685	-
Telephone	32,283	821	-
Equipment repair and rental	236,666	168,481	-
Building repair and rental	373,200	-	-
Benefit payments and insurance premiums	-	-	3,016,169
Other	1,194,395	-	125,881
Depreciation	-	806,555	-
Total operating expenses	7,659,736	2,233,429	3,166,778
Operating income (loss)	(264,015)	164,011	70,503
Nonoperating revenues (expenses)			
Interest income	37,525	-	20,830
Interest expense	-	(10,891)	-
Gain (loss) on sale of capital assets	-	(75,453)	-
Total nonoperating revenues (expenses)	37,525	(86,344)	20,830
Income (loss) before transfers	(226,490)	77,667	91,333
Transfers in	86,000	-	-
Transfers out	(95,599)	-	-
Change in net assets	(236,089)	77,667	91,333
Net assets, beginning of year	237,661	2,569,854	265,345
Net assets, end of year	<u>\$ 1,572</u>	<u>\$ 2,647,521</u>	<u>\$ 356,678</u>

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
<u>\$ 681,591</u>	<u>\$ 2,578,459</u>	<u>\$ 16,940,728</u>	<u>\$ 409,530</u>	<u>\$ 798,814</u>	<u>\$ 34,439,564</u>
-	130,725	-	-	71,706	3,027,422
-	521,653	-	-	54,039	940,203
414,743	6,933	-	-	-	1,654,024
-	34,394	-	-	-	2,718,036
-	2,415	-	398,385	-	433,904
126,090	-	-	-	-	531,237
-	-	-	-	-	373,200
-	1,423,731	18,605,234	-	767,126	23,812,260
-	1,231	-	-	-	1,321,507
97,396	-	-	11,145	-	915,096
<u>638,229</u>	<u>2,121,082</u>	<u>18,605,234</u>	<u>409,530</u>	<u>892,871</u>	<u>35,726,889</u>
<u>43,362</u>	<u>457,377</u>	<u>(1,664,506)</u>	<u>-</u>	<u>(94,057)</u>	<u>(1,287,325)</u>
10,150	52,518	84,414	-	36,146	241,583
-	-	-	-	-	(10,891)
<u>(170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,623)</u>
<u>9,980</u>	<u>52,518</u>	<u>84,414</u>	<u>-</u>	<u>36,146</u>	<u>155,069</u>
53,342	509,895	(1,580,092)	-	(57,911)	(1,132,256)
-	-	-	-	-	86,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,599)</u>
53,342	509,895	(1,580,092)	-	(57,911)	(1,141,855)
<u>398,004</u>	<u>17,491</u>	<u>1,586,209</u>	<u>-</u>	<u>123,381</u>	<u>5,197,945</u>
<u>\$ 451,346</u>	<u>\$ 527,386</u>	<u>\$ 6,117</u>	<u>\$ -</u>	<u>\$ 65,470</u>	<u>\$ 4,056,090</u>

WASHTENAW COUNTY
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2007

	Facilities Management Revolving	Fleet Management Revolving	Fringe Benefit Revolving
Cash flows from operating activities			
Cash received from customers	\$ -	\$ -	\$ 129,099
Cash received from interfund services	7,477,119	2,301,174	3,208,406
Cash payments to employees	(2,611,559)	(171,215)	(125,881)
Cash payments to suppliers	(4,870,105)	(817,054)	(3,130,143)
Cash payments for interfund services	(84,085)	(1,429,240)	-
	<u>(88,630)</u>	<u>(116,335)</u>	<u>81,481</u>
Net cash provided (used) by operating activities			
Cash flows from noncapital financing activities			
Transfers in	86,000	-	-
Transfers out	(95,599)	-	-
Advances from other funds	(44,748)	-	-
	<u>(54,347)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities			
Cash flows from capital and related financing activities			
Proceeds from sale of equipment	-	167,396	-
Payments for equipment acquisitions	-	(1,078,240)	-
	<u>-</u>	<u>(910,844)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities			
	<u>-</u>	<u>(910,844)</u>	<u>-</u>
Cash flows from investing activities			
Interest on investments	37,525	(10,891)	20,830
	<u>37,525</u>	<u>(10,891)</u>	<u>20,830</u>
Net increase in cash and pooled investments	(105,452)	(1,038,070)	102,311
Cash and pooled investments, beginning of year	529,491	1,143,986	318,375
	<u>529,491</u>	<u>1,143,986</u>	<u>318,375</u>
Cash and pooled investments, end of year	<u><u>\$ 424,039</u></u>	<u><u>\$ 105,916</u></u>	<u><u>\$ 420,686</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (264,015)	\$ 164,011	\$ 70,503
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	806,555	-
Changes in assets and liabilities:			
Accounts receivable	17,695	-	(8,338)
Interfund receivable	104,774	-	-
Due from other funds	-	-	-
Due from other governments	(60,000)	-	1,910
Inventories	-	41,500	-
Prepaid items	18,929	-	-
Accounts payable	109,142	84,699	16,352
Accrued liabilities	18,781	1,825	1,054
Due to other funds	-	(1,200,000)	-
Interfund payable	(51,802)	-	-
Deferred revenue	(18,670)	-	-
Accrued compensated absences	36,536	(14,925)	-
	<u>36,536</u>	<u>(14,925)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ (88,630)</u></u>	<u><u>\$ (116,335)</u></u>	<u><u>\$ 81,481</u></u>

General Services Revolving	Insurance Revolving	Medical Insurance Revolving	Telephone Revolving	Worker's Compensation Revolving	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,099
616,528	2,858,458	18,090,729	409,530	798,814	35,760,758
-	(130,725)	-	-	(71,706)	(3,111,086)
(589,129)	(1,882,386)	(18,239,234)	(376,045)	(612,036)	(30,516,132)
-	(38,040)	-	-	-	(1,551,365)
27,399	807,307	(148,505)	33,485	115,072	711,274
-	-	-	-	-	86,000
-	-	-	-	-	(95,599)
-	-	-	81,466	-	36,718
-	-	-	81,466	-	27,119
776	-	-	-	-	168,172
(78,386)	-	-	(81,466)	-	(1,238,092)
(77,610)	-	-	(81,466)	-	(1,069,920)
10,150	52,518	84,414	-	36,146	230,692
(40,061)	859,825	(64,091)	33,485	151,218	(100,835)
234,563	14,304	1,031,208	16,117	579,852	3,867,896
<u>\$ 194,502</u>	<u>\$ 874,129</u>	<u>\$ 967,117</u>	<u>\$ 49,602</u>	<u>\$ 731,070</u>	<u>\$ 3,767,061</u>
\$ 43,362	\$ 457,377	\$ (1,664,506)	\$ -	\$ (94,057)	\$ (1,287,325)
97,396	-	-	11,145	-	915,096
-	-	-	-	-	9,357
-	-	-	-	-	104,774
-	730,000	1,650,000	-	-	2,380,000
2,508	-	-	-	-	(55,582)
431	-	-	-	-	41,931
(50,000)	37,296	-	-	-	6,225
(1,298)	6,674	-	22,340	(19,400)	218,509
-	25,960	366,000	-	228,529	642,149
(65,000)	(450,000)	(499,999)	-	-	(2,214,999)
-	-	-	-	-	(51,802)
-	-	-	-	-	(18,670)
-	-	-	-	-	21,611
<u>\$ 27,399</u>	<u>\$ 807,307</u>	<u>\$ (148,505)</u>	<u>\$ 33,485</u>	<u>\$ 115,072</u>	<u>\$ 711,274</u>

WASHTENAW COUNTY
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
December 31, 2007

	Employees' Retirement System	Money Purchase Pension Plan	Voluntary Employees Beneficiary Association	Severance Benefits
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 692,788
Investments:				
Equities	61,703,160	-	34,892,337	-
United States treasuries	1,207,879	-	163,687	-
United States treasury strips	10,568,017	-	-	-
United States agencies	21,428,831	-	192,849	-
Corporate securities	16,361,746	-	595,050	-
Mutual funds	47,547,330	66,198,628	11,134,764	-
Money market funds	6,225,161	-	3,361,662	-
Accounts receivable	-	-	52,061	-
Accrued interest and dividends	455,887	-	-	3,221
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	165,498,011	66,198,628	50,392,410	696,009
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				
Accounts payable	192,514	-	-	-
Accrued liabilities	-	-	32,301	2,756
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	192,514	-	32,301	2,756
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets held in trust for pension and health benefits	<u>\$ 165,305,497</u>	<u>\$ 66,198,628</u>	<u>\$ 50,360,109</u>	<u>\$ 693,253</u>

Unemployment Benefits	Total
\$ 409,535	\$ 1,102,323
-	96,595,497
-	1,371,566
-	10,568,017
-	21,621,680
-	16,956,796
-	124,880,722
-	9,586,823
-	52,061
1,989	461,097
<u>411,524</u>	<u>283,196,582</u>
-	192,514
<u>192,713</u>	<u>227,770</u>
<u>192,713</u>	<u>420,284</u>
<u><u>\$ 218,811</u></u>	<u><u>\$ 282,776,298</u></u>

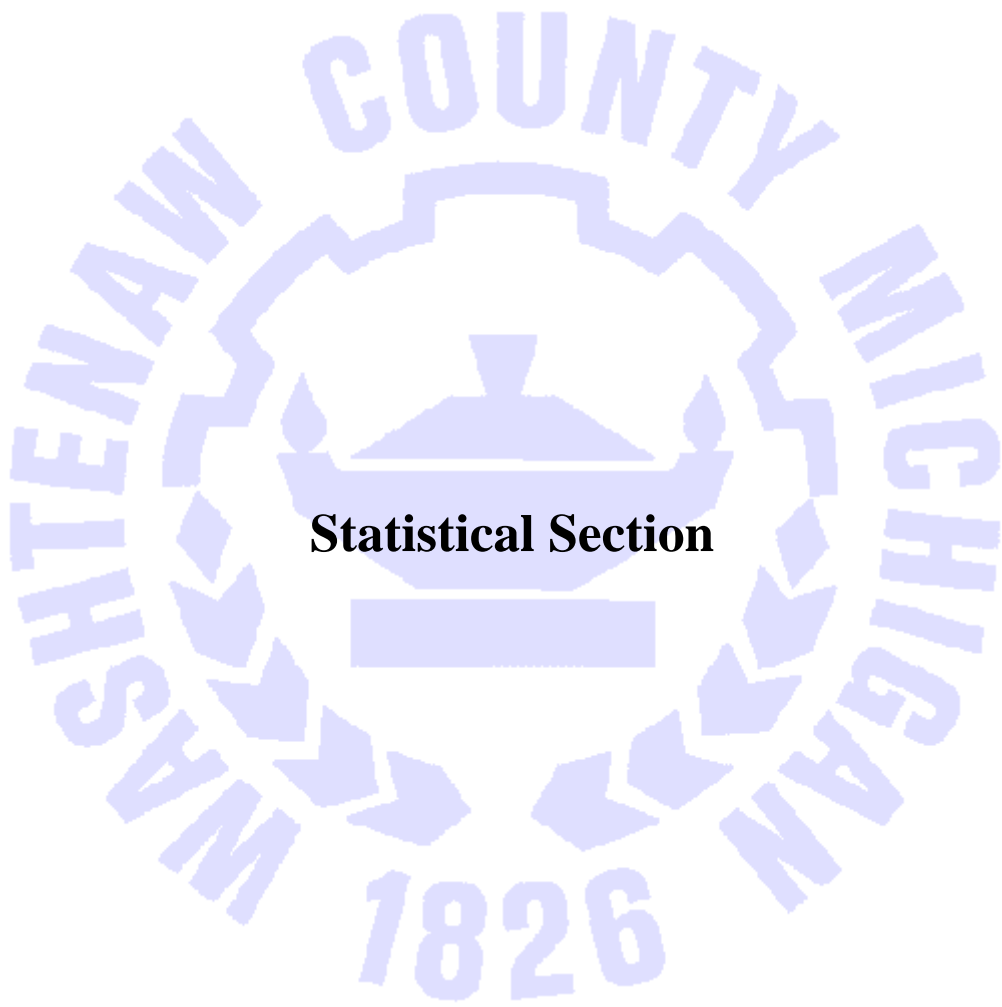
WASHTENAW COUNTY
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
Year Ended December 31, 2007

	Employees' Retirement System	Money Purchase Pension Plan	Voluntary Employees Beneficiary Association	Severance Benefits
Additions				
Investment income:				
<i>From investing activities:</i>				
Net appreciation in fair value of investments	\$ 8,747,039	\$ 1,033,065	\$ 2,436,531	\$ -
Interest and dividends	4,763,815	3,727,067	1,310,413	29,635
Investment management fees	(608,352)	-	(255,764)	-
Net income from investing activities	<u>12,902,502</u>	<u>4,760,132</u>	<u>3,491,180</u>	<u>29,635</u>
<i>From securities lending activities:</i>				
Gross earnings	1,389,493	-	-	-
Borrower rebates	(1,299,848)	-	-	-
Securities fees	(35,858)	-	-	-
Net income from securities lending activities	<u>53,787</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net investment income	<u>12,956,289</u>	<u>4,760,132</u>	<u>3,491,180</u>	<u>29,635</u>
Contributions:				
Employer	4,827,249	3,811,477	9,358,343	1,194,204
Employees	597,338	3,421,666	-	-
On behalf - federal Medicare Part D subsidy	-	-	282,328	-
Total contributions	<u>5,424,587</u>	<u>7,233,143</u>	<u>9,640,671</u>	<u>1,194,204</u>
Other additions	<u>-</u>	<u>27,022</u>	<u>-</u>	<u>-</u>
Total additions	<u>18,380,876</u>	<u>12,020,297</u>	<u>13,131,851</u>	<u>1,223,839</u>
Deductions				
Participant benefits	13,680,576	3,413,968	6,286,721	1,043,990
Participant refunds	34,573	-	-	-
Administrative expenses	<u>316,412</u>	<u>114,117</u>	<u>237,062</u>	<u>-</u>
Total deductions	<u>14,031,561</u>	<u>3,528,085</u>	<u>6,523,783</u>	<u>1,043,990</u>
Net additions (deductions) to net assets held in trust	4,349,315	8,492,212	6,608,068	179,849
Net assets held in trust for benefits:				
Beginning of year	<u>160,956,182</u>	<u>57,706,416</u>	<u>43,752,041</u>	<u>513,404</u>
End of year	<u>\$ 165,305,497</u>	<u>\$ 66,198,628</u>	<u>\$ 50,360,109</u>	<u>\$ 693,253</u>

Unemployment Benefits	Total
\$ -	\$ 12,216,635
22,072	9,853,002
-	(864,116)
<u>22,072</u>	<u>21,205,521</u>
-	1,389,493
-	(1,299,848)
-	(35,858)
<u>-</u>	<u>53,787</u>
<u>22,072</u>	<u>21,259,308</u>
115,389	19,306,662
-	4,019,004
-	282,328
<u>115,389</u>	<u>23,607,994</u>
<u>-</u>	<u>27,022</u>
<u>137,461</u>	<u>44,894,324</u>
192,713	24,617,968
-	34,573
-	667,591
<u>192,713</u>	<u>25,320,132</u>
(55,252)	19,574,192
<u>274,063</u>	<u>263,202,106</u>
<u>\$ 218,811</u>	<u>\$ 282,776,298</u>

WASHTENAW COUNTY
Combining Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended December 31, 2007

	Balance January 1, 2007	Additions	(Deductions)	Balance December 31, 2007
<u>Agency Fund</u>				
Assets				
Cash and pooled investments	\$ 20,542,863	\$ 368,155,240	\$ (371,172,178)	\$ 17,525,925
Liabilities				
Undistributed receipts	\$ 20,542,863	\$ 368,155,240	\$ (371,172,178)	\$ 17,525,925



Statistical Section

STATISTICAL SECTION

This part of Washtenaw County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health

Contents	Page
Financial Trends (schedules 1 thru 5)	132
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity (schedules 6 thru 9)	140
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity (schedules 10 thru 12)	144
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information (schedules 13 and 14)	147
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information (schedules 15 thru 18)	149
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

WASHTENAW COUNTY

Net Assets by Component

Last Seven Years (A)

(accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007
Governmental activities							
Invested in capital assets, net of related debt	\$ 49,634,365	\$ 53,104,933	\$ 71,844,722	\$ 70,895,205	\$ 80,296,301	\$ 90,342,374	\$ 96,616,753
Restricted	9,488,701	13,190,358	5,063,594	6,228,085	6,676,094	6,812,864	11,110,530
Unrestricted	23,994,559	25,598,647	23,447,913	51,600,695	67,250,358	78,187,728	71,500,619
Total governmental activities net assets	<u>\$ 83,117,625</u>	<u>\$ 91,893,938</u>	<u>\$ 100,356,229</u>	<u>\$ 128,723,985</u>	<u>\$ 154,222,753</u>	<u>\$ 175,342,966</u>	<u>\$ 179,227,902</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	17,841
Restricted	6,000,000	6,000,000	9,000,000	-	-	-	-
Unrestricted	3,182,698	4,002,441	1,283,817	9,615,484	9,722,818	10,085,873	11,611,001
Total business-type activities net assets	<u>\$ 9,182,698</u>	<u>\$ 10,002,441</u>	<u>\$ 10,283,817</u>	<u>\$ 9,615,484</u>	<u>\$ 9,722,818</u>	<u>\$ 10,085,873</u>	<u>\$ 11,628,842</u>
Primary government							
Invested in capital assets, net of related debt	\$ 49,634,365	\$ 53,104,933	\$ 71,844,722	\$ 70,895,205	\$ 80,296,301	\$ 90,342,374	\$ 96,634,594
Restricted	15,488,701	19,190,358	14,063,594	6,228,085	6,676,094	6,812,864	11,110,530
Unrestricted	27,177,257	29,601,088	24,731,730	61,216,179	76,973,176	88,273,601	83,111,620
Total primary government net assets	<u>\$ 92,300,323</u>	<u>\$ 101,896,379</u>	<u>\$ 110,640,046</u>	<u>\$ 138,339,469</u>	<u>\$ 163,945,571</u>	<u>\$ 185,428,839</u>	<u>\$ 190,856,744</u>

(A) - Washtenaw County implemented GASB Statement No. 34 as of and for the year ended December 31, 2001. Accordingly, data prior to 2001 is not available.

Source: Washtenaw County Finance Department

WASHTENAW COUNTY

Changes in Net Assets

Last Seven Years (A)

(accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007
Expenses							
Governmental activities:							
Legislative	\$ 588,623	\$ 638,162	\$ 597,651	\$ 647,373	\$ 722,185	\$ 539,323	\$ 576,094
Judicial	16,940,482	18,074,212	19,584,218	21,443,309	22,588,152	24,021,026	25,458,987
General government	17,866,054	20,028,762	22,517,668	19,181,652	23,097,063	18,941,490	22,617,109
Public safety	34,060,565	36,228,288	40,927,414	42,748,613	45,341,263	46,937,810	51,217,621
Public works	1,154,023	1,413,125	2,246,625	611,126	608,029	869,372	757,558
Health	29,462,897	31,477,846	30,669,892	31,869,261	35,694,857	40,868,460	41,041,193
Social services	20,944,476	22,484,108	21,672,601	22,006,150	26,681,106	31,099,614	31,556,019
Culture and recreation	5,605,340	6,382,489	6,634,291	7,064,861	6,891,231	7,998,879	8,995,250
Interest on long-term debt	1,485,302	1,791,363	1,643,952	1,273,833	1,027,653	1,375,511	2,878,426
Total governmental activities expenses	128,107,762	138,518,355	146,494,312	146,846,178	162,651,539	172,651,485	185,098,257
Business-type activities:							
Delinquent tax collection	456,868	489,348	180,046	241,083	591,362	908,669	1,356,027
Property foreclosure	456,868	-	228,598	189,756	314,439	288,376	408,209
Brownfield revolving loan	-	-	-	-	-	11,960	-
Principal residence exemption	-	-	-	-	-	9,968	29,259
Total business-type activities expenses	913,736	489,348	408,644	430,839	905,801	1,218,973	1,793,495
Total primary government expenses	129,021,498	139,007,703	146,902,956	147,277,017	163,557,340	173,870,458	186,891,752
Program revenues							
Governmental activities:							
Charges for services:							
Judicial	3,305,460	3,176,945	3,352,989	3,613,380	3,763,939	4,074,640	4,391,210
General government	5,365,352	5,995,338	7,406,625	6,992,302	7,572,808	5,821,567	5,271,252
Public safety	10,363,234	11,449,421	11,049,685	12,141,274	12,110,959	12,021,420	12,470,668
Public works	650,755	1,025,351	187,780	169,811	167,094	184,188	-
Health	4,260,570	3,627,541	3,279,950	3,504,205	4,716,287	3,227,343	3,872,437
Social services	507,997	1,219,687	359,584	1,195,278	1,031,688	1,042,936	625,262
Culture and recreation	2,564,996	2,601,704	2,958,441	2,823,269	3,253,314	3,225,036	3,228,112
Other activities	636,161	724,019	145,126	148,876	150,676	141,646	-
Operating grants and contributions	42,221,235	46,297,193	52,695,000	53,642,415	60,027,293	61,329,306	63,759,215
Capital grants and contributions	1,218,521	1,091,143	3,473,175	960,689	211,159	76,441	428,017
Total governmental activities program revenues	71,094,281	77,208,342	84,908,355	85,191,499	93,005,217	91,144,523	94,046,173
Business-type activities:							
Charges for services:							
Delinquent tax collection	2,600,927	3,435,482	2,563,993	2,398,603	2,636,271	2,896,431	3,722,455
Property foreclosure	-	-	646,920	284,980	412,680	660,333	449,036
Principal residence exemption	-	-	-	-	-	9,425	13,923
Operating grants and contributions	-	-	-	-	27,424	11,960	-
Total business-type activities program revenues	2,600,927	3,435,482	3,210,913	2,683,583	3,076,375	3,578,149	4,185,414
Total primary government program revenues	73,695,208	80,643,824	88,119,268	87,875,082	96,081,592	94,722,672	98,231,587
Net (Expense)/Revenue							
Government activities	(56,932,523)	(61,300,153)	(61,585,957)	(61,654,679)	(69,646,322)	(81,506,962)	(91,052,084)
Business-type activities	2,144,059	2,946,134	2,802,269	2,252,744	2,170,574	2,359,176	2,391,919
Total primary government net expense	(54,788,464)	(58,354,019)	(58,783,688)	(59,401,935)	(67,475,748)	(79,147,786)	(88,660,165)

Continued...

WASHTENAW COUNTY
Changes in Net Assets (Concluded)
Last Seven Fiscal Years (A)
(accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007
General Revenues							
Governmental activities:							
Property taxes	\$ 50,424,580	\$ 56,462,144	\$ 60,406,712	\$ 82,991,160	\$ 87,864,506	\$ 95,271,757	\$ 86,549,856
Unrestricted grants and contributions	7,709,801	7,503,237	6,538,510	3,003,251	457,637	366,250	544,946
Investment earnings	4,381,595	2,387,051	1,640,730	1,512,323	2,558,336	4,150,209	6,575,702
Transfers	1,711,915	3,733,894	2,462,465	2,515,704	2,546,616	2,838,959	1,622,955
Total governmental activities	<u>64,227,891</u>	<u>70,086,326</u>	<u>71,048,417</u>	<u>90,022,438</u>	<u>93,427,095</u>	<u>102,627,175</u>	<u>95,293,459</u>
Business-type activities:							
Investment earnings	430,304	1,611,591	(74,699)	(515,993)	(141,666)	763,766	825,864
Transfers	(1,739,824)	(3,737,982)	(2,446,194)	(2,405,084)	(1,921,574)	(2,759,887)	(1,674,814)
Total business-type activities	<u>(1,309,520)</u>	<u>(2,126,391)</u>	<u>(2,520,893)</u>	<u>(2,921,077)</u>	<u>(2,063,240)</u>	<u>(1,996,121)</u>	<u>(848,950)</u>
Total primary government	<u>62,918,371</u>	<u>67,959,935</u>	<u>68,527,524</u>	<u>87,101,361</u>	<u>91,363,855</u>	<u>100,631,054</u>	<u>94,444,509</u>
Change in Net Assets							
Government activities	7,295,368	8,786,173	9,462,460	28,367,759	23,780,773	21,120,213	4,241,375
Business-type activities	<u>834,539</u>	<u>819,743</u>	<u>281,376</u>	<u>(668,333)</u>	<u>107,334</u>	<u>363,055</u>	<u>1,542,969</u>
Total primary government	<u>\$ 8,129,907</u>	<u>\$ 9,605,916</u>	<u>\$ 9,743,836</u>	<u>\$ 27,699,426</u>	<u>\$ 23,888,107</u>	<u>\$ 21,483,268</u>	<u>\$ 5,784,344</u>

(A) - Washtenaw County implemented GASB Statement No. 34 as of and for the year ended December 31, 2001. Accordingly, data prior to 2001 is not available.

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Fund Balances - Governmental Funds
Last Seven Years (A)
(modified accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund							
Reserved	\$ 1,687,275	\$ 2,647,421	\$ 1,140,757	\$ 966,852	\$ 881,264	\$ 141,069	\$ 1,176,336
Unreserved	<u>5,759,252</u>	<u>6,290,358</u>	<u>6,323,675</u>	<u>6,940,364</u>	<u>7,465,485</u>	<u>8,352,216</u>	<u>7,481,045</u>
Total general fund	<u>\$ 7,446,527</u>	<u>\$ 8,937,779</u>	<u>\$ 7,464,432</u>	<u>\$ 7,907,216</u>	<u>\$ 8,346,749</u>	<u>\$ 8,493,285</u>	<u>\$ 8,657,381</u>
All Other Governmental Funds							
Reserved	\$ 15,779	\$ 1,429,691	\$ 2,435,812	\$ 3,950,573	\$ 6,207,220	\$ 5,046,822	\$ 8,095,327
Unreserved, reported in:							
Special revenue funds	8,853,103	10,007,784	12,312,220	33,461,825	48,621,711	63,011,160	60,419,597
Debt service funds	13,391	12,595	12,676	12,976	15,591	14,815	14,040
Capital projects funds	<u>27,960,615</u>	<u>22,933,029</u>	<u>16,016,182</u>	<u>21,568,510</u>	<u>14,753,918</u>	<u>38,482,509</u>	<u>59,428,860</u>
Total all other governmental funds	<u>\$ 36,842,888</u>	<u>\$ 34,383,099</u>	<u>\$ 30,776,890</u>	<u>\$ 58,993,884</u>	<u>\$ 69,598,440</u>	<u>\$ 106,555,306</u>	<u>\$ 127,957,824</u>

(A) - Washtenaw County implemented GASB Statement No. 34 as of and for the year ended December 31, 2001. Accordingly, data prior to 2001 is not available.

WASHTENAW COUNTY
Changes in Fund Balances - Governmental Funds
Last Ten Years

(modified accrual basis of accounting)

	1998	1999	2000	2001	2002
Revenues					
Taxes	\$ 41,805,726	\$ 44,620,398	\$ 47,877,830	\$ 50,424,580	\$ 56,462,144
Special assessments	17,634	33,829	27,043	-	-
Licenses and permits	3,003,375	3,180,792	2,948,645	3,062,605	3,489,426
Intergovernmental	42,586,141	42,674,681	48,223,102	51,149,556	55,289,575
Charges for services	37,294,079	42,948,659	46,220,352	19,605,316	20,917,283
Fines and forfeits	1,353,128	1,355,827	1,153,337	1,212,956	1,043,636
Investment income	2,530,738	3,232,954	4,871,889	4,098,437	2,208,254
Other revenues	5,777,814	5,196,355	5,032,923	4,190,175	4,347,661
Total revenues	134,368,635	143,243,495	156,355,121	133,743,625	143,757,979
Expenditures					
Legislative	397,893	402,723	490,648	576,886	630,172
Judicial	14,946,849	15,336,297	16,507,494	16,525,671	17,711,346
General government	8,799,555	9,860,291	10,441,919	11,143,730	12,287,273
Public safety	26,570,886	28,211,509	31,702,183	33,799,524	36,324,964
Public works	928,240	1,031,029	1,361,687	1,146,764	1,410,098
Health	46,990,073	50,169,991	54,118,438	29,038,088	31,222,165
Social services	17,439,105	17,551,932	22,027,437	20,796,935	22,350,481
Culture and recreation	4,538,645	6,074,255	7,507,217	9,190,778	9,474,501
Other activities	1,758,783	1,649,209	2,208,163	2,386,345	2,204,195
Capital outlay	11,243,640	8,057,651	14,253,745	16,120,377	13,540,717
Debt service					
Principal	3,390,000	3,770,000	2,910,000	2,760,000	2,985,000
Interest and fiscal charges	1,282,761	1,580,054	2,036,028	1,994,044	1,865,201
Bond issuance costs	-	-	-	-	-
Total expenditures	138,286,430	143,694,941	165,564,959	145,479,142	152,006,113
Revenues over (under) expenditures	(3,917,795)	(451,446)	(9,209,838)	(11,735,517)	(8,248,134)
Other financing sources (uses)					
Issuance of bonds	9,625,952	14,786,625	-	-	3,000,000
Issuance of refunding bonds	-	-	-	-	-
Discount on bonds	-	-	-	-	(52,500)
Premium on bonds	-	-	-	-	-
Premium on refunding bonds	-	-	-	-	-
Payment to refunding escrow agent	-	-	-	-	-
Capital leases	-	-	-	-	-
Transfers in	26,950,055	30,720,493	27,745,642	23,380,841	26,079,580
Transfers out	(21,679,908)	(22,622,907)	(22,123,359)	(20,642,934)	(21,747,483)
Total other financing sources (uses)	14,896,099	22,884,211	5,622,283	2,737,907	7,279,597
Net changes in fund balances	<u>\$ 10,978,304</u>	<u>\$ 22,432,765</u>	<u>\$ (3,587,555)</u>	<u>\$ (8,997,610)</u>	<u>\$ (968,537)</u>
Debt services as a percentage of noncapital expenditures	<u>3.7%</u>	<u>3.9%</u>	<u>3.3%</u>	<u>3.7%</u>	<u>3.5%</u>

Source: Washtenaw County Finance Department

Schedule 4
UNAUDITED

2003	2004	2005	2006	2007
\$ 60,406,712	\$ 82,991,160	\$ 87,864,506	\$ 95,271,757	\$ 86,549,856
-	-	-	-	-
3,417,281	3,582,066	3,413,829	2,837,341	2,553,918
55,515,317	53,442,839	56,934,231	57,906,931	60,185,360
23,770,669	23,964,870	27,153,376	24,673,031	25,474,636
1,192,646	1,846,181	1,167,872	1,185,468	1,205,125
1,498,295	1,380,964	2,282,039	3,759,219	6,334,119
7,927,593	5,588,048	5,187,022	5,319,978	5,798,659
<u>153,728,513</u>	<u>172,796,128</u>	<u>184,002,875</u>	<u>190,953,725</u>	<u>188,101,673</u>
578,996	639,574	642,291	527,328	560,972
19,154,639	20,414,926	21,176,406	22,898,849	24,263,382
14,705,178	11,651,589	12,935,801	12,038,575	14,564,793
39,767,190	41,600,021	44,163,259	45,998,323	49,495,839
2,291,765	613,201	600,718	832,179	743,454
30,148,915	31,486,496	35,254,194	37,820,725	39,238,401
21,963,095	22,412,894	26,238,219	29,687,409	30,124,778
11,120,549	10,234,930	12,382,181	13,839,071	11,462,934
3,634,853	4,223,737	4,473,369	4,506,919	5,873,564
13,085,312	5,105,824	11,795,834	7,203,937	6,911,345
3,605,000	3,475,000	3,449,476	2,984,476	4,224,476
1,632,341	1,309,370	1,059,088	1,200,251	2,603,594
146,459	294,511	235,176	183,585	521,544
<u>161,834,292</u>	<u>153,462,073</u>	<u>174,406,012</u>	<u>179,721,627</u>	<u>190,589,076</u>
<u>(8,105,779)</u>	<u>19,334,055</u>	<u>9,596,863</u>	<u>11,232,098</u>	<u>(2,487,403)</u>
-	6,365,000	-	23,750,000	21,675,000
8,705,000	7,835,000	11,475,000	-	-
-	-	-	-	-
-	-	-	236,004	125,147
151,271	79,167	95,406	-	-
(8,748,421)	(7,857,903)	(11,336,730)	-	-
-	-	-	-	695,122
24,406,361	39,613,259	44,521,956	48,305,876	41,145,222
<u>(21,173,427)</u>	<u>(36,708,800)</u>	<u>(43,308,404)</u>	<u>(46,165,148)</u>	<u>(39,512,668)</u>
<u>3,340,784</u>	<u>9,325,723</u>	<u>1,447,228</u>	<u>26,126,732</u>	<u>24,127,823</u>
<u>\$ (4,764,995)</u>	<u>\$ 28,659,778</u>	<u>\$ 11,044,091</u>	<u>\$ 37,358,830</u>	<u>\$ 21,640,420</u>
<u>3.6%</u>	<u>3.4%</u>	<u>2.9%</u>	<u>2.5%</u>	<u>4.0%</u>

WASHTENAW COUNTY
Changes in Fund Balances - General Fund
Last Ten Years
(modified accrual basis of accounting)

	1998	1999	2000	2001	2002
Revenues					
Taxes	\$ 38,286,244	\$ 40,865,238	\$ 43,376,837	\$ 45,683,776	\$ 48,813,596
Licenses and permits	1,992,862	2,117,549	102,966	129,816	111,912
Intergovernmental	9,445,552	9,511,542	10,704,930	11,578,947	11,714,821
Charges for services	11,103,292	11,626,324	12,410,195	13,421,880	14,974,369
Fines and forfeits	1,182,655	1,203,933	1,127,708	1,191,936	1,003,693
Investment income	1,041,596	1,147,169	1,287,098	1,185,820	824,979
Other revenues	742,603	807,741	914,803	1,003,157	790,671
Total revenues	<u>63,794,804</u>	<u>67,279,496</u>	<u>69,924,537</u>	<u>74,195,332</u>	<u>78,234,041</u>
Expenditures					
Legislative	397,893	402,723	490,648	576,886	630,172
Judicial	10,747,283	11,093,975	11,343,377	11,681,080	12,657,027
General government	8,410,232	8,666,643	9,455,488	10,869,970	11,910,251
Public safety	24,669,635	25,931,237	26,689,224	28,509,433	30,810,238
Public works	223,296	226,578	284,395	274,615	406,286
Health	-	-	-	1,691,809	1,732,474
Social services	850,991	851,513	1,055,274	1,001,111	1,100,806
Culture and recreation	576,621	606,884	643,018	674,524	709,564
Other activities	1,758,783	1,649,209	2,208,163	2,386,345	2,204,195
Total expenditures	<u>47,634,734</u>	<u>49,428,762</u>	<u>52,169,587</u>	<u>57,665,773</u>	<u>62,161,013</u>
Revenues over (under) expenditures	<u>16,160,070</u>	<u>17,850,734</u>	<u>17,754,950</u>	<u>16,529,559</u>	<u>16,073,028</u>
Other financing sources (uses)					
Capital leases	-	-	-	-	-
Transfers in	2,383,034	94,696	68,475	-	1,028,662
Transfers out	(18,109,971)	(17,078,613)	(17,447,274)	(16,223,931)	(16,837,786)
Total other financing sources (uses)	<u>(15,726,937)</u>	<u>(16,983,917)</u>	<u>(17,378,799)</u>	<u>(16,223,931)</u>	<u>(15,809,124)</u>
Net changes in fund balances	<u>\$ 433,133</u>	<u>\$ 866,817</u>	<u>\$ 376,151</u>	<u>\$ 305,628</u>	<u>\$ 263,904</u>

Source: Washtenaw County Finance Department

Schedule 5
UNAUDITED

2003	2004	2005	2006	2007
\$ 52,227,354	\$ 54,883,846	\$ 59,645,096	\$ 66,237,030	\$ 72,803,650
169,388	171,524	161,907	174,530	271,202
10,563,759	7,758,214	5,641,139	5,308,246	5,524,930
16,262,412	16,165,713	17,521,139	16,911,965	17,331,774
1,125,425	1,226,872	1,106,638	1,118,938	1,141,280
612,244	544,005	628,154	1,145,749	1,429,478
1,084,307	941,153	1,032,874	917,865	974,130
<u>82,044,889</u>	<u>81,691,327</u>	<u>85,736,947</u>	<u>91,814,323</u>	<u>99,476,444</u>
578,996	639,574	642,291	527,328	560,972
13,602,187	14,235,820	14,916,715	16,216,012	17,316,916
13,284,578	9,619,781	10,553,533	11,648,323	14,244,201
33,285,150	36,535,457	38,948,971	40,911,096	43,786,137
402,840	-	-	-	-
-	-	-	-	-
1,243,477	1,178,913	1,263,782	1,574,522	1,519,638
718,738	820,124	628,307	654,343	667,590
3,634,853	4,223,737	4,473,369	4,506,919	5,873,564
<u>66,750,819</u>	<u>67,253,406</u>	<u>71,426,968</u>	<u>76,038,543</u>	<u>83,969,018</u>
<u>15,294,070</u>	<u>14,437,921</u>	<u>14,309,979</u>	<u>15,775,780</u>	<u>15,507,426</u>
-	-	-	-	695,122
925,501	4,620,356	6,611,427	6,958,254	7,390,700
(16,150,909)	(18,615,493)	(20,481,873)	(22,332,075)	(23,355,340)
<u>(15,225,408)</u>	<u>(13,995,137)</u>	<u>(13,870,446)</u>	<u>(15,373,821)</u>	<u>(15,269,518)</u>
<u>\$ 68,662</u>	<u>\$ 442,784</u>	<u>\$ 439,533</u>	<u>\$ 401,959</u>	<u>\$ 237,908</u>

WASHTENAW COUNTY
Assessed and Actual Value of Taxable Property
Last Ten Years
(in thousands of dollars)

Year	Residential Property	Commercial Property	Industrial Property	Other	Personal Property	Total Assessed Value	Total Actual Value	Total Direct Tax Rate
1998	\$ 5,609,646	\$ 1,549,552	\$ 508,729	\$ 311,021	\$ 1,002,125	\$ 8,981,073	\$ 17,962,146	5.4963
1999	6,278,400	1,714,592	557,328	330,014	1,075,064	9,955,398	19,980,896	5.4957
2000	7,047,875	1,903,334	587,548	353,442	1,059,130	10,951,329	21,966,049	5.5197
2001	7,947,075	2,164,528	641,354	352,969	1,085,093	12,191,019	24,472,414	5.4759
2002	8,983,153	2,382,889	757,346	433,528	1,145,185	13,702,101	27,492,263	5.6772
2003	10,017,580	2,652,147	804,851	478,542	1,092,571	15,045,691	30,196,516	5.6186
2004	11,016,278	2,820,335	848,380	533,236	1,096,757	16,314,986	32,758,847	5.5819
2005	11,886,410	3,106,081	885,397	564,140	1,092,596	17,534,624	35,184,135	5.5493
2006	12,712,166	3,278,326	912,147	559,299	1,083,615	18,545,553	37,208,917	5.5024
2007	13,180,822	3,454,744	955,905	589,064	1,150,417	19,330,952	38,961,637	5.6768

Note: Residential, commercial and industrial values are calculated without tax-exempt values

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

WASHTENAW COUNTY
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of taxable value)

		<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
County direct rates											
Operation		\$ 4.83	\$ 4.83	\$ 4.80	\$ 4.76	\$ 4.72	\$ 4.67	\$ 4.64	\$ 4.61	\$ 4.57	\$ 4.55
County imposed and debt		-	-	-	-	-	0.49	-	-	-	-
Special voted		0.67	0.67	0.72	0.72	0.96	0.46	0.94	0.94	0.93	1.13
Total direct rate		<u>5.50</u>	<u>5.50</u>	<u>5.52</u>	<u>5.48</u>	<u>5.68</u>	<u>5.62</u>	<u>5.58</u>	<u>5.55</u>	<u>5.50</u>	<u>5.68</u>
Overlapping rates											
Cities:											
Ann Arbor		17.22	17.31	17.13	17.13	17.00	16.87	16.90	16.90	16.82	16.78
Chelsea		-	-	-	-	-	-	-	-	13.21	15.05
Milan		14.75	14.75	15.75	15.75	15.75	15.75	15.75	15.75	15.75	15.50
Saline		13.80	12.30	10.00	10.00	9.96	10.96	12.95	13.72	15.53	15.53
Ypsilanti		24.60	24.60	24.60	24.46	27.37	27.41	28.28	27.92	29.03	29.58
Townships (average)	(A)	2.55	2.55	2.54	2.62	2.72	2.80	2.77	2.97	3.07	3.22
Villages (average)	(B)	15.02	14.85	14.15	13.46	13.29	13.23	13.18	12.95	9.77	9.54
School districts (average)	(C)	29.21	29.72	29.82	30.15	30.16	30.15	29.39	30.22	29.77	29.55
Intermediate school district		3.43	3.32	3.16	3.13	3.11	3.07	3.46	4.04	4.00	3.97
Community college		3.90	4.10	4.03	3.99	3.97	3.86	3.83	3.77	3.72	3.70
(A) - Rates range from:											
Low		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
High		10.04	10.04	9.79	9.75	9.75	10.12	9.66	10.53	10.40	10.40
(B) - Rates range from:											
Low		10.25	10.05	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
High		16.89	16.69	16.54	15.74	15.30	15.67	15.27	15.28	15.39	14.59
(C) - Rates range from:											
Low		22.90	25.30	25.16	25.29	25.93	25.26	24.17	23.38	25.26	25.40
High		39.97	35.36	39.65	38.76	41.35	34.30	32.65	33.65	36.48	35.69

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Pfizer Global Research	\$ 287,447,930	1	1.85%	\$ -	-	-
General Motors	177,527,690	2	1.14%	256,786,300	2	3.03%
Ford Motor Company/Visteon	171,478,446	3	1.11%	262,933,220	1	3.11%
Detroit Edison	139,956,622	4	0.90%	112,518,186	3	1.33%
McKinley Associates	118,954,618	5	0.77%	-	-	-
Briarwood Complex	73,825,160	6	0.48%	56,169,000	6	0.66%
Toyota	71,177,206	7	0.46%	31,948,000	8	0.38%
Michigan Consolidated Gas	69,307,503	8	0.45%	84,884,850	5	1.00%
Domino's	63,992,852	9	0.41%	43,234,303	7	0.51%
Daimler Chrysler	38,418,940	10	0.25%	27,772,800	9	0.33%
Hyundia	37,379,536	11	0.24%	-	-	-
Mav Development	34,945,959	12	0.23%	-	-	-
Arborland LLC	30,699,554	13	0.20%	-	-	-
Meijer Incorporated	29,112,582	14	0.19%	15,111,100	14	0.18%
Comcast/Media One	25,433,461	15	0.16%	-	-	-
Parke-Davis	-	-	-	108,737,100	4	1.29%
NSK Corp	-	-	-	25,108,700	10	0.30%
Dexter Fastners	-	-	-	18,303,200	11	0.22%
Catherine McAuley, St. Joseph	-	-	-	17,633,300	12	0.21%
Consumer Power	-	-	-	16,351,400	13	0.19%
Browning-Ferris Industries	-	-	-	14,910,400	15	0.18%
	<u>\$ 1,369,658,059</u>		<u>8.83%</u>	<u>\$ 1,092,401,859</u>		<u>12.91%</u>

Source: Washtenaw County Equalization Department.
Note: Assessed value based on 2004

WASHTENAW COUNTY

Property Tax Levies and Collections

Last Ten Years

Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
1998	\$	43,164,015	\$ 40,920,859	94.80%	\$ 2,114,270	\$ 43,035,129	99.70%
1999		46,135,320	43,673,258	94.66%	2,243,851	45,917,109	99.53%
2000		49,444,080	47,151,623	95.36%	2,133,910	49,285,533	99.68%
2001		52,181,561	49,523,726	94.91%	2,350,685	51,874,411	99.41%
2002		58,269,004	55,501,885	95.25%	2,417,213	57,919,098	99.40%
2003		62,459,717	59,400,607	95.10%	2,586,635	61,987,242	99.24%
2004		65,676,479	62,650,121	95.39%	2,622,050	65,272,171	99.38%
2005		69,669,724	66,173,312	94.98%	3,031,443	69,204,755	99.33%
2006		73,894,038	70,780,578	95.79%	2,852,695	73,633,273	99.65%
2007		81,570,687	78,257,648	95.94%	3,112,051	81,369,699	99.75%

Source: Washtenaw County Treasurer's Office

WASHTENAW COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Bonded Debt Outstanding			% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
1998	\$ 32,550,000	-	\$ 32,550,000	0.33%	0.36%	\$ 107.50
1999	39,120,000	-	39,120,000	0.37%	0.39%	127.81
2000	40,920,000	-	40,920,000	0.35%	0.37%	126.73
2001	38,160,000	-	38,160,000	0.32%	0.31%	115.88
2002	37,690,000	-	37,690,000	0.31%	0.28%	112.73
2003	35,035,000	-	35,035,000	0.27%	0.23%	103.48
2004	38,120,000	-	38,120,000	0.28%	0.23%	112.52
2005	35,615,000	-	35,615,000	0.26%	0.20%	104.10
2006	56,400,000	-	56,400,000	0.42%	0.30%	163.93
2007	73,870,000	-	73,870,000	0.54%	0.38%	214.71

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2007

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
General obligation tax notes	\$ 18,000,000	\$ 18,000,000	\$ -
Building authority bonds	73,870,000	-	73,870,000
Notes payable	233,707	-	233,707
Drain bonds and notes	7,265,672	6,573,109	692,563
Public Works - water and sewer debt	35,409,138	35,409,138	-
County Road Commission debt	1,690,000	1,690,000	-
	<u>\$ 136,468,517</u>	<u>\$ 61,672,247</u>	<u>74,796,270</u>
Overlapping debt			
School districts			856,656,953
Cities			154,445,396
Townships			74,712,894
Villages			6,385,000
Intermediate school district			246,255
Community colleges			58,988,679
Library			30,789,073
			<u>1,182,224,250</u>
Net direct and overlapping debt			<u>\$ 1,257,020,520</u>

Source: Washtenaw County Finance Department and Municipal Advisory Council of Michigan.

WASHTENAW COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2007

Assessed value	\$ 19,330,951,897
Debt limit (10% of assessed value)	\$ 1,933,095,190
Debt applicable to limit - general obligation bonds	136,468,517
Legal debt margin	\$ 1,796,626,673

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
1998	\$ 898,107,280	\$ 81,807,890	\$ 816,299,390	9.11%
1999	995,539,887	91,858,434	903,681,453	9.23%
2000	1,095,132,936	87,063,154	1,008,069,782	7.95%
2001	1,219,101,814	93,087,172	1,126,014,642	7.64%
2002	1,370,210,183	100,449,507	1,269,760,676	7.33%
2003	1,504,569,055	95,545,110	1,409,023,945	6.35%
2004	1,631,498,572	101,955,812	1,529,542,760	6.25%
2005	1,753,462,361	93,014,742	1,660,447,619	5.30%
2006	1,854,553,316	115,193,717	1,739,359,599	6.21%
2007	1,933,095,190	136,468,517	1,796,626,673	7.06%

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1998	302,787	\$ 9,994,082	\$ 31,971	1.8%
1999	306,073	10,710,960	33,654	1.6%
2000	322,895	11,541,043	35,594	2.4%
2001	329,308	11,774,476	35,867	2.9%
2002	334,351	12,232,147	36,794	3.6%
2003	338,562	12,869,105	38,323	4.1%
2004	338,782	13,391,280	39,528	4.2%
2005	342,124	13,578,433	39,689	4.2%
2006	344,047	13,578,433 (a)	39,689 (a)	4.6%
2007	344,047 (a)	13,578,433 (a)	39,689 (a)	4.7%

(a) Census Data not available at the time of publication.

Sources: U.S. Census Bureau, U.S. Department of Commerce
Michigan Department of Career Development Employment Service Agency
Michigan Economic Development Corporation

WASHTENAW COUNTY
Principal Employers
Curent Year and Nine Years Ago

Employer	2007			1998		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
University of Michigan	16,357	1	9.02%	14,833	1	8.83%
University of Michigan Hospitals	16,143	2	8.90%	7,453	2	4.44%
Trinity Health	4,800	3	2.65%			0.00%
Ford Motor Company	4,023	4	2.22%	6,528	3	3.88%
General Motors	3,511	5	1.94%	5,902	4	3.51%
U.S. Government	2,133	6	1.18%	2,633	7	1.57%
Ann Arbor Public Schools	2,000	7	1.10%	1,900	10	1.13%
Pfizer Inc.	2,000	8	1.10%			0.00%
Eastern Michigan University	1,867	9	1.03%	2,193	8	1.30%
State of Michigan	1,694	10	0.93%	2,065	9	1.23%
Washtenaw County	1,378	11	0.76%	1,400	12	0.83%
Borders Group	1,163	12	0.64%	1,500	11	0.89%
LaSalle Bank Midwest N.A.	992	13	0.55%			0.00%
City of Ann Arbor	803	14	0.44%	969	14	0.58%
Visteon Corporation	715	15	0.39%			0.00%
Chelsea Community Hospital	711	16	0.39%	517	19	0.31%
Ypsilanti Public Schools	650	17	0.36%	700	15	0.42%
DTE Energy Co.	638	18	0.35%			0.00%
Chrysler Corporation	611	19	0.34%			0.00%
Washtenaw Community College	566	20	0.31%			0.00%
U.S. Postal Service	489	21	0.27%			0.00%
Edwards Brothers Inc.	425	22	0.23%	500	20	0.30%
Domino's Pizza Inc.	411	23	0.23%	650	16	0.39%
NSK Americas Corp.	376	24	0.21%	604	17	0.36%
Kroger Co. - Great Lakes Division	357	25	0.20%			0.00%
Mercy Health Services, Inc.	-		0.00%	4,586	5	2.73%
St. Joseph Mercy Health System	-		0.00%	4,094	6	2.44%
UMI Inc.	-		0.00%	1,000	13	0.60%
DaimierChrysler AG	-		-	576	18	0.34%
	<u>64,813</u>		<u>35.72%</u>	<u>60,603</u>		<u>36.06%</u>

Source: Washtenaw County Equalization Department.

WASHTENAW COUNTY
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Legislative										
Board of Commissioners	15.0	15.0	15.0	15.0	15.0	11.0	11.0	11.0	11.0	11.0
Judicial										
Circuit Court	23.1	23.5	24.5	24.5	25.8	25.8	29.9	28.7	25.7	25.7
District Court	48.6	48.6	48.6	48.6	48.3	48.3	44.0	44.0	47.0	47.0
Friend of the Court	54.0	57.0	56.0	56.0	57.0	57.0	58.0	58.0	60.0	60.0
Probate Court - Estates	8.0	8.0	8.0	8.0	8.0	8.0	9.0	9.0	10.0	10.0
Probate Court - Juvenile	34.5	35.5	35.5	35.5	35.5	35.5	28.9	28.9	25.3	25.3
Community Corrections	-	-	6.0	7.0	7.0	7.0	7.0	7.0	9.0	9.0
Public Defender	19.0	19.0	20.0	21.0	22.0	22.0	22.0	21.0	21.0	21.0
General Government										
County Administration	4.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
Corporation Counsel	1.8	1.8	1.8	1.8	1.8	1.8	1.5	1.5	1.5	1.5
Budget	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
Finance	28.0	27.5	27.5	27.5	22.8	23.8	22.5	20.5	20.5	20.5
Information & Tech Systems	34.0	37.0	43.0	45.0	42.0	46.0	35.0	34.0	34.0	34.0
Equalization	14.0	14.0	14.0	14.0	14.0	14.0	14.0	13.0	14.0	14.0
Human Resources	9.3	10.3	10.3	10.3	10.3	10.3	8.0	8.0	8.0	8.0
Clerk/Register	42.5	44.5	46.5	46.5	51.5	51.5	50.5	50.5	50.5	50.5
Treasurer	12.0	12.0	13.5	13.5	13.5	13.5	13.5	11.5	11.5	11.5
Drain Commissioner	16.0	17.0	19.0	22.0	22.0	22.0	23.0	21.0	21.0	21.0
Planning	6.0	8.0	9.0	9.0	13.8	13.8	12.6	18.3	-	-
WSC Customer Support Unit	-	-	-	-	-	-	-	15.0	15.0	15.0
Planning & environment - all divisions	-	-	-	-	-	-	-	54.8	54.8	54.8
Risk Management	0.8	0.8	0.8	0.8	-	-	-	-	-	-
Facilities Management	56.5	47.0	48.0	48.0	43.0	41.0	39.0	34.0	34.0	34.0
Public Safety										
Prosecuting Attorney	39.8	43.3	45.0	45.0	47.0	47.0	49.0	49.0	50.0	50.0
Sheriff	265.0	282.0	289.0	290.0	281.0	281.0	284.0	276.0	285.0	285.0
Building Inspection/Services	19.9	24.9	28.4	28.4	28.1	28.1	15.0	15.0	-	-
Emergency Management	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Public Works										
Public Works	2.5	2.5	3.0	3.0	3.0	3.0	3.0	-	-	-
Health										
Environmental Health	43.6	44.6	48.9	48.1	47.8	45.3	43.0	-	-	-
Public Health	75.2	75.6	80.0	88.2	90.2	86.2	67.9	67.9	66.8	66.8
Community Support & Treatment Services	274.2	274.2	257.2	265.1	271.1	271.1	231.8	231.8	261.3	261.3
Washtenaw Health Plan	-	-	-	-	-	4.0	4.0	4.0	3.0	3.0
Washtenaw Community Health Organization	-	-	-	50.1	50.1	50.1	60.2	60.2	70.2	70.2
Social Services										
Child Care - Family Court	9.3	8.5	8.5	12.5	12.5	12.5	12.7	12.8	13.9	13.9
Child Care - Detention	26.0	25.6	33.1	34.7	34.7	40.7	29.6	29.6	30.2	30.2
Child Care - Day Program	8.0	10.0	12.0	10.7	10.7	13.7	11.9	11.9	11.3	11.3
Child Care - Children's Well-Being	2.0	1.5	1.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Veterans Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
ETCS	66.7	66.7	26.4	26.4	21.9	21.9	18.4	18.4	19.4	19.4
Head Start	-	-	40.3	51.8	40.0	36.0	36.5	36.5	37.5	37.5
Community Development	-	-	-	-	-	-	4.0	4.0	4.0	4.0
Culture & Recreation										
Parks & Recreation	29.0	32.0	32.0	33.8	33.8	33.8	34.0	34.0	33.0	33.0
Library	4.5	6.0	6.5	6.5	7.0	7.0	7.0	6.0	6.0	6.0
County Extension	6.0	6.0	6.0	6.0	6.0	6.0	6.0	1.0	1.0	1.0
Total	<u>1,312.9</u>	<u>1,349.1</u>	<u>1,383.8</u>	<u>1,473.4</u>	<u>1,457.4</u>	<u>1,458.9</u>	<u>1,364.2</u>	<u>1,364.7</u>	<u>1,383.3</u>	<u>1,383.3</u>

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Sheriff:										
Number of incidents	-	-	57,744	61,433	56,942	54,644	53,266	52,479	53,279	51,191
Number of crash reports	-	-	7,624	7,499	4,656	4,703	4,339	4,273	6,611	3,259
Number of arrests	-	-	2,977	2,921	2,900	2,648	2,509	2,306	1,127	2,108
Number of bookings	-	-	-	7,833	8,419	8,093	7,135	6,969	6,993	7,084
Public Works										
Centerline miles of road maintained	1,554	1,565	1,570	1,580	1,582	1,594	1,603	1,612	1,624	1,634
Health										
Public Health:										
Vaccines administered	43,127	36,710	33,132	37,535	41,642	44,971	40,410	54,143	46,454	53,409
Number of monthly participants	4,038	4,090	3,443	4,125	4,522	4,559	4,667	4,580	4,660	4,712
Culture & Recreation										
Parks & Recreation:										
Recreation center participation	293,214	299,416	322,087	368,221	395,190	414,354	363,709	367,581	370,696	346,298
Aquatic center participation	82,818	77,155	62,647	88,409	89,343	77,195	75,127	107,403	104,453	111,183
Rounds of Golf	55,073	52,322	52,750	43,273	40,816	39,249	39,169	37,591	37,049	33,580
Boat Rental	864	673	738	744	904	541	652	734	602	590
Library:										
Total circulation	61,126	49,192	35,134	39,876	41,032	43,953	41,753	40,059	41,417	42,183
Registered individuals	1,241	1,165	1,161	1,223	1,251	1,298	1,317	1,348	1,247	1,360
Walk-In	867	920	853	1,020	950	852	968	1,156	1,092	490
Telephone calls	4,506	4,499	4,147	4,727	4,173	3,611	3,523	3,278	3,646	4,912

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
	285	336	332	398	356	332	332	332	332	332
Vehicle patrol units:										
Police service automobiles	100	50	60	60	82	82	85	85	85	90
Animal control	-	-	-	-	1	1	2	2	2	2
Marine safety	-	-	-	-	2	6	2	2	2	3
Jail	-	-	-	-	16	16	17	17	17	17
Motorcycles	-	-	-	-	5	12	12	12	12	2
Parks and recreation										
Parks:										
County	12	13	13	13	13	13	13	13	13	13
Natural areas	-	-	-	-	-	6	6	6	10	12
Park acreage:										
Parkland	1,117	1,158	1,256	1,376	1,376	1,438	1,438	1,647	1,762	1,834
Natural areas	-	-	-	-	-	438	715	780	980	1,079
Picnic areas	11	12	12	12	19	19	19	19	19	19
Historic sites	1	2	2	2	2	2	2	2	2	2
Buildings:										
Log cabins	-	-	-	-	-	-	-	1	1	1
County recreation center	1	1	1	1	1	1	1	1	1	1
Fishing structures	3	4	4	4	3	3	3	3	3	3
Pavilions	5	6	6	6	11	11	12	12	12	12
Concession	-	-	-	-	-	-	3	3	3	3
Multi-purpose	-	-	-	-	-	-	2	2	2	2
Nature cabin	1	1	1	1	1	1	1	1	1	1
Swimming beach areas	2	2	2	2	2	2	2	1	1	1
Swimming pools (in/out)	-	-	-	-	2	2	2	1	1	1
Golf Courses:										
18 hole course	1	1	1	1	1	1	1	1	1	1
18 hole disc course	-	-	-	-	-	-	1	1	1	1
Trails:										
Nature	7	7	7	13	7	7	9	9	9	10
Exercise	-	-	-	1	1	1	1	1	1	1
Multiuse	-	-	-	1	8	8	8	8	8	8
Playgrounds	-	-	-	-	6	6	6	6	7	7
Water Areas:										
Water parks	1	1	1	1	1	1	1	1	1	1
Spray play feature	-	-	-	1	3	3	3	3	3	3
Lazy river ride	-	-	-	-	-	-	1	1	1	1
Public works										
Centerline miles of county roads:										
Federal and State	180	180	180	180	180	180	180	576	576	580
Primary	520	520	521	529	529	529	542	586	587	588
Local	1,020	768	768	758	758	756	743	703	704	706
Subdivision	-	-	-	282	282	296	308	323	333	340

Source: Washtenaw County Finance Department

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2007

Type of Coverage Name of Company	Policy Period	Premium	Description
Genesis Insurance Company	10/1/07-10/1/08	\$ 640,000	Auto, general and police legal liability of the County for bodily injury, property damage and personal injury. Limit \$5,000,000 per occurrence and \$5,000,000 aggregate. Occurrence form; \$300,000 self insured retention.
Buildings and Contents CHUBB Insurance Co.	10/1/07-10/1/08	117,796	All risk coverage on buildings and contents at replacement cost. \$185,000,000 limit \$250,000 deductible per occurrence (includes burglary). Includes perils from flood and earthquake.
Inland Marine Coverage	10/1/07-10/1/08	Included	Covers scheduled portable equipment consisting of radio and video equipment, boats and trailers, etc. All risk coverage.
Data Processing Coverage	10/1/07-10/1/08	Included	Covers data processing equipment, media and extra expense. Limit \$500,000 per occurrence.
Employee Benefit Liability	10/1/07-10/1/08	Included	Policy limit \$1,000,000 covers employees, prospective employees, former employees, or their beneficiaries, for damages sustained in the administration of employee benefits programs.
Great American Ins. Co.	10/1/07-10/1/08	10,964	Covers loss to the County caused by dishonesty or fraudulent act of an employee or failure to faithfully perform the duties or the position. Limit \$5,000,000 with \$10,000 loss deductible. All County employees covered. Public Employee Blanket Bond.
Public Officials Genesis Insurance Company	10/1/07-10/1/08	Included	Policy limit \$5,000,000 subject to \$250,000 deductible covers liability for wrongful acts, claims made form, duty to defend.
Professional Liability Hudson Insurance Co.	10/1/07-10/1/08	166,016	Covers Public Health and Mental Health operations (includes doctors) \$1,000,000 each medical incident. Deductible of \$250,000 does not include defense costs.
Boiler Machinery Policy	10/1/07-10/1/08	Included	Covers boilers and air conditioning units, broad form basis (except cast iron), including repair and/or replacement on most objects. \$1,000 deductible.
Lawyers Professional Lloyds/National Legal Aid and Defender Association	10/1/07-10/1/08 3/1/07-3/1/08	2,070 15,307	Covers Employee related issues in Public Defender's Office. Professional liability limit \$1,000,000. Disciplinary proceedings limit \$5,000. Also covers Labor Relation Attorney and Corp Counsel. Personal injury \$1,000,000/1,000,000. Disciplinary proceeding \$10,000. Subject to deductible.

Continued...

**WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2007**

Type of Coverage Name of Company	Policy Period	Premium	Description
Short-Term Bond Burnham & Flower of Michigan The Hartford	7/01/07-03/31/08	37,549	Bond was based on 40% of the tax levy for the County, schools and SET (State Education Tax). County is reimbursed for approximately 95% of the cost of the bond.
Judicial Liability Complete Equity Market	10/1/07-10/1/08	35,315	Covers 20 Judges, Magistrates and referees \$1,000,000 liability coverage per claim. \$2,500 deductible.
Federal Insurance Companies	10/1/07-10/1/08	11,000	Fiduciary Liability Policy for Washtenaw County covering the VEBA, MPPP and WCERS Systems with limits of \$3,000,000.
Zurich US Insurance Group	10/1/07-10/1/08	561	Provide insurance coverage for underground storage tanks with limits of \$1,000,000.
Workers' Compensation BROADSPIRE	02/01/07-02/01/08	41,961	TPA for Claims Service.
Safety National	02/01/07-02/01/08	46,277	Statutory specific excess insurance above a \$375,000 retention.
Long-Term Disability Unum Provident	Monthly	Varies	Covers all full-time regular employees. Choice of coverage is 50%, 60%, or 66 and 2/3% of monthly salary with varying elimination periods. Also covers part-time MNA employees basic coverage only
Traditional with Master Medical (MM50) Blue Cross/Blue Scheild	Monthly	Varies	Basic and Master Medical Comprehensive medical care coverage including emergency care, some out-patient treatment, and prescription co-pay. Annual deductible of \$50 (\$100 family) on Master Medical Benefits.
Comprehensive Major Medical (CMM 250) Blue Cross/Blue Shield	Monthly	Varies	A cost-sharing comprehensive medical care plan including emergency care, some out-patient treatment, prescription co-pay, and annual deductible of \$250 (\$500 family) on all covered benefits.
Dental Delta Dental Core Plan	Monthly	48.83	100% basic dental, 50% other services, 50% Prosthodontics and Orthodontic services, \$750 annual limit.
Dental Delta Dental Retiree Plan	Monthly	61.36	100% basic dental, 50% other services, 50% Prosthodontics, no Orthodontic services, \$750 annual limit
Dental Delta Dental Premier Plan for those in Flex Benefits who choose this option	Monthly	100.09	100% basic dental, 80% other services, including sealants, 50% Orthodontics services, \$1,000 annual limit and \$1,750 lifetime for Orthodontics.
Life Insurance Unum Provident	Monthly	Varies	Covers death of employee and/or AD&D. All full-time employees with choice of coverage equal to 1 X annual salary up to 50K, 2 X annual salary up to 100K, or 3 X annual salary up to 150K. MNA Employee basic coverage (coverage up to 50K or 1 X annual salary)

Continued...

WASHTENAW COUNTY
Schedule of Insurance
As of December 31, 2007

Type of Coverage Name of Company	Policy Period	Premium	Description
Vision Care Blue Cross/Blue Shied/ Vision Service Plan (VSP)	Monthly	Varies	Vision Care option pays for certain vision care tests and supplies when obtained from a participating provider after County employee pays the provider the required co-payment amount.
Care Choices Catherine McAuley	01/01/07-12/31/07	Varies	HMO offers primary care physicians, network hospitals, affiliated pharmacies and laboratories and other providers within the particular HMO network. The employee is responsible for the co-pay amounts at the time of service. All claims are handled directly between the HMO and service provider.
M-Care University of Michigan Hospital	01/01/07-12/31/07	Varies	HMO offers primary care physicians, network hospitals, affiliated pharmacies and laboratories and other providers within the particular HMO network. The employee is responsible for the co-pay amounts at the time of service. All claims are handled directly between the HMO and service provider.

**WASHTENAW COUNTY,
MICHIGAN**

SINGLE AUDIT

For the Year Ended December 31, 2007



REHMANN ROBSON

Certified Public Accountants

WASHTENAW COUNTY, MICHIGAN SINGLE AUDIT

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Michigan Department of Education:		
Food Commodities -		
Entitlement & Bonus Commodities 2006	10.550	\$ 1,221
School Breakfast Program:		
National School Lunch/Breakfast	10.553	6,092
CACFP	10.558	32,894
National School Lunch Program:		
National School Lunch	10.555	24,525
CACFP	10.558	54,635
Total Michigan Department of Education		119,367
Passed through Michigan Department of Community Health:		
Women, Infants and Children	10.557	641,783
Steps Up-FSNE	10.557	31,091
Total Michigan Department of Community Health		672,874
Total U.S. Department of Agriculture		792,241
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs:		
Community Development Block Grant / Entitlement Grants	14.218	842,164
HOME Investment Partnerships Program	14.239	551,754
American Dream Downpayment Initiative	14.239	36,775
Total Direct Programs		1,430,693
Passed through SOS Community Services, Inc. -		
Supportive Housing Program	14.235	161,147
Total U.S. Department of Housing and Urban Development		1,591,840

continued...

WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF THE INTERIOR		
Passed through Michigan Department of History, Arts and Libraries -		
Historic Preservation Fund Grants-In-Aid	15.904	\$ 13,678
U.S. DEPARTMENT OF JUSTICE		
Direct Programs:		
Violence Against Women	16.590	224,060
Local Law Enforcement Block Grant	16.592	568
Byrne Justice Assistance Grant	16.738	12,948
Total Direct Programs		237,576
Passed through Michigan Department of Human Services -		
Juvenile Accountability Incentive Block Grants:		
Juvenile Accountability	16.523	21,191
Building Restorative Communities Grant	16.540	57,124
Federal Drug Court Grant Program	16.585	54,727
Total Michigan Department of Human Services		133,042
Passed through the Office of Juvenile Justice and Delinquency Prevention -		
National CASA Expansion Grant	16.547	37,467
Total U.S. Department of Justice		408,085
U.S. DEPARTMENT OF TRANSPORTATION		
Passed through Michigan Office of Highway Safety Planning -		
State and Community Highway Safety:		
Drive Michigan Safely	20.600	51,510
Drive Michigan Safely - Youth Alcohol	20.600	9,291
Total U.S. Department of Transportation		60,801

continued...

WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Direct Program -		
Brownfields Assessment and Cleanup Cooperative Agreements -		
Assessment Petroleum	66.818	\$ 40,757
Passed through Michigan Department of Environmental Quality:		
Allen Creek Rain Garden	66.460	16,333
Mallets Creek Drainage District	66.458	46,770
State Revolving Fund	66.458	328,806
Arsenic Rule	66.468	2,700
Operator Certification	66.471	23,800
Total Michigan Department of Environmental Quality		418,409
Total U.S. Environmental Protection Agency		459,166
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct Program -		
Head Start	93.600	3,311,446
Passed through State Court Administration Office -		
Access & Visitation	93.597	10,260
Passed through Michigan Department of Community Health:		
Tuberculosis Control Programs	93.116	15,032
Immunization Grants:		
Immunization Action Plan	93.268	136,610
Vaccines	93.268	1,379,498
VFC Provider Site Visits	93.268	4,400
Immunization Nurse Training	93.268	1,950
Immunization AFIX	93.268	100
CDC Emergency Prep. - Focus A	93.283	229,753
CDC Emergency Prep. - Plan Flu	93.283	128,387
Developmental Disabilities Basic Support -		
Advocacy Grant	93.630	77,048

continued...

WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)		
Medical Assistance Program:		
Medicare	93.774	\$ 325,966
Care Coordination	93.778	7,599
Infant Mortality	93.778	58,715
Medicaid	93.778	(49,531)
QHP Medicaid	93.778	68,840
Medicaid - Full Cost (settlement)	93.778	92,713
Medicaid - Full Cost	93.778	993,074
Child Special Health Care	93.778	31,911
HIV Prevention Program -		
HIV/AIDS Counseling and Testing	93.940	86,135
Maternal and Child Health Services Block Grant:		
Local Maternal and Child Health	93.994	109,008
Nursing	93.926	5,400
STD	93.991	27,249
Child Special Health Care	93.994	20,517
		<hr/>
Total Michigan Department of Community Health		3,750,373
Passed through Washtenaw Community Health Organization:		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	134,825
Substance Abuse and Mental Health Services -		
SPF/SIG	93.243	32,133
Community Mental Health Services Block Grant:		
Jail Diversion	93.958	56,250
Child Respite	93.958	10,160
Cognitive Impairment	93.958	40,812
Omnibus Budget Reconciliation Act -		
Preadmission Screenings and Annual Resident Reviews	93.778	359,088
Substance Abuse Prevention and Treatment Block Grant -		
State Incentive Grant	93.959	66,561
		<hr/>
Total Washtenaw Community Health Organization		699,829
Passed through the Michigan State University College of Nursing -		
Diabetes, Endocrinology and Metabolism	93.847	466
		<hr/>

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WASHTENAW COUNTY, MICHIGAN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2007

Federal Agency/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONCLUDED)		
Passed through Michigan Department of Human Services:		
Family Support Payments to States	93.560	\$ 447,675
Child Support Enforcement:		
Friend of the Court	93.563	3,453,003
Prosecuting Attorney	93.563	404,675
Total Michigan Department of Human Services		4,305,353
Total U.S. Department of Health and Human Services		12,077,728
OFFICE OF NATIONAL DRUG CONTROL POLICY		
Passed through Michigan Department of State Police -		
HIDTA - Southeastern Michigan:		
2006 - Management and Coordination Initiative	07.000	165,000
2007 - ISDC	07.000	374,282
2007 - LAWNET	07.000	95,390
2007 - Management and Coordination Initiative	07.000	488,263
Total Office of National Drug Control Policy		1,122,935
U.S. DEPARTMENT OF HOMELAND SECURITY		
Passed through Michigan Department of State Police:		
Homeland Security Grant Program	97.067	411,685
Emergency Management Performance Grant	97.067	45,674
Total U.S. Department of Homeland Security		457,359
TOTAL FEDERAL AWARDS		\$ 17,026,624

WASHTENAW COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Washtenaw County, Michigan (the "County") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, Washtenaw County, Michigan provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Women, Infants and Children	10.557	\$ 145,663
Community Development Block Grant	14.218	347,857
Violence Against Women	16.590	22,516
CDC Emergency Preparation	93.283	37,500
Access & Visitation	93.957	10,260
State Incentive Grant	93.959	23,973
Head Start	93.600	859,742
Homeland Security Grant	97.051	39,130
Infant Mortality	93.778	29,498

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REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

March 24, 2008

To the Board of Commissioners
of Washtenaw County
Ann Arbor, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **WASHTENAW COUNTY, MICHIGAN**, as of and for the year ended December 31, 2007, and have issued our report thereon dated March 24, 2008. We did not audit the financial statements of the Employment Training and Community Services Fund, which represent 7.26% of the assets and 19.96% of the revenues of the aggregate remaining fund information and 0.08% of the assets and 2.82% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 42.95% of the assets and 80.45% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinions, insofar as they relate to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Washtenaw County Road Commission were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washtenaw County, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Washtenaw County, Michigan's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Washtenaw County in a separate letter dated March 24, 2008.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

March 24, 2008

To the Board of Commissioners
of Washtenaw County
Ann Arbor, Michigan

Compliance

We have audited the compliance of **Washtenaw County, Michigan** (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-2, 2007-3 and 2007-4.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2007, and have issued our report thereon dated March 24, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the financial statements of the Employment Training and Community Services Fund, which represent 7.26% of the assets and 19.96% of the revenues of the aggregate remaining fund information and 0.08% of the assets and 2.82% of the revenues of the governmental activities. Also, we did not audit the financial statements of the Washtenaw County Road Commission, which represents 42.95% of the assets and 80.45% of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, insofar as it relates to the amounts included for the Employment Training and Community Services Fund and Washtenaw County Road Commission, is based solely on the reports of the other auditors.

This report is intended solely for the information and use of the audit committee, management, the governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, prominent 'L' at the beginning.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiencies identified
not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes X no

Significant deficiencies identified
not considered to be material weaknesses? yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? X yes no

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (CONCLUDED)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
07.000	High Intensity Drug Trafficking Area
10.557	Women, Infants and Children
14.218	Community Development Block Grants
14.239	Home Investment Partnership Program
93.778	Medical Assistance Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$509,515

Auditee qualified as low-risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

2007-1 Significant Audit Adjustments

Criteria: Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition/Finding: During our audit, we identified and proposed five adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's Financial Statements. These adjustments included corrections for accrued interest receivable, accounts payable, capital assets, and accrued interest payable.

Cause: Internal controls did not detect all adjustments necessary to properly record year-end balances.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION II – FINANCIAL STATEMENT FINDINGS (CONCLUDED)

2007 -1 Significant Audit Adjustments (Concluded)

Effect: As a result the following areas were initially misstated:

- Accounts payable in the Parks and Recreation fund were understated by approximately \$220,000
- Construction in process for the Drains discretely presented component unit was overstated by approximately \$810,000
- Cash and interest revenue affecting multiple funds were overstated in total by \$120,000
- Accrued interest payable in the government-wide statement of net assets was understated by approximately \$540,000 with \$420,000 affecting prior years.

Recommendation/
Comment: We recommend that the County take steps to insure that all year end adjustments are identified and properly made for financial reporting purposes.

View of
Responsible
Official: The County will implement this recommendation immediately.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2007-2 Allowable Cost Principles Relating to Payroll

07.000 HIDTA

Criteria: OMB Circular A-87, Attachment B, requires charges to federal programs to be supported by personnel activity reports or, in the case of staff who spend 100% of their time on a single federal program, semi-annual certifications.

Condition/Finding: Payroll certifications were not prepared until after being requested by the audit team.

Cause: The HIDTA supervisor and staff were unaware of the semi-annual certification requirement.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2007-2 Allowable Cost Principles Relating to Payroll (Concluded)

Effect:	The County charged salary costs to a major program without sufficient documentation as required by OMB Circular A-87.
Recommendation/ Comment:	Certifications should be prepared on a semi-annual basis directly following the period covered under the certification to fully comply with the circular OMB A-87 requirements.
View of Responsible Officials:	The County has instructed HIDTA to prepare the semi-annual certifications in a timely way and notify the County when these are completed every six months.

2007-3 Suspended and Debarred Parties 07.000 HIDTA; 10.557 WIC; 14.218 CDBG

Criteria:	The OMB Circular A-133 Compliance Supplement provides that “Non-federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred...the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded.”
Condition/Finding:	When entering into covered transactions, the County has not verified suspension or debarment and/or has not maintained documentation of such verification.
Cause:	Those responsible for administering the County’s HIDTA and WIC grants, including Purchasing and Finance, were unaware of this requirement. CDBG personnel were aware of the requirement; however, they did not retain adequate documentation to support the verification.
Effect:	This condition increases the risk that the County will conduct business with a suspended or debarred vendor and be in violation of OMB Circular A-133.

WASHTENAW COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs (Continued)

For the Year Ended December 31, 2007

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

2007-3 Suspended and Debarred Parties (Concluded)

Recommendation/
Comment: We recommend that the County begin verifying that current vendors with contracts and projects over \$25,000 being funded from federal monies are not suspended or debarred or otherwise excluded.

View of
Responsible
Officials: The County will implement this recommendation immediately. The work will be coordinated through our Purchasing Division.

2007-4 Preparation of Financial Status Reports 07.000 HIDTA

Criteria: Federal financial reporting guidelines require that expenditure reports (standard form SF-269) be supported by and reconcile to the accounting system.

Condition/Finding: The expenditure reports filed for the HIDTA grant did not agree to the general ledger.

Cause: Apparently, HIDTA staff is unaware of the requirement that the expenditure report must reconcile to the general ledger.

Effect: The quarterly expenditure reports for the 2007 HIDTA grant, as submitted to the Office of National Drug Control Policy, were understated by approximately \$136,000 compared to the County's general ledger.

Recommendation/
Comment: We recommend that the County Finance Department review HIDTA grant expenditure reports before submission.

View of
Responsible
Officials: The County will implement this recommendation immediately.

WASHTENAW COUNTY, MICHIGAN
Schedule of Findings and Questioned Costs (Concluded)
For the Year Ended December 31, 2007

SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS

No matters were reported.

* * * * *



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



March 24, 2008

To the Board of Commissioners
Washtenaw County

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Washtenaw County** for the year ended December 31, 2007, and have issued our report thereon dated March 24, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated December 17, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Washtenaw County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Washtenaw County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Washtenaw County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Washtenaw County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Washtenaw County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on January 21, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Washtenaw County are described in Note 1 to the financial statements.

As indicated in note IV-F to the basic financial statements, the County adopted Statements of Governmental Accounting Standards (GASB Statements) No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and No. 50, *Pension Disclosures*. The County was required to adopt GASB 45 for 2007; GASB 50 was implemented early. The effect of implementing GASB 45 was to record a liability of approximately \$2.3 million in only the governmental activities of the government-wide financial statements for the difference between the actuarial required contribution to the retiree healthcare trust (i.e., VEBA) and the actual contributions; the implementation also necessitated additional note disclosures but did not result in the restatement of beginning net assets/fund balances. The effect of implementing GASB 50 resulted only in additional note disclosures for the County's defined benefit pension plans.

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the liability for uninsured risks of loss, including incurred but not reported claims, which are accounted for in certain of the County's internal service funds and for which the County utilizes the services of an independent third-party risk management consultant to estimate the liability. We relied upon the work of the third-party expert in determining that the liability is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the collectability of accounts receivable from third party payers, primarily for health and mental health services rendered by the County. We evaluated the key factors and assumptions used to develop the allowances for uncollectable accounts in determining that they are reasonable in relation to the basic financial statements taken as a whole.

- Management's estimate of the original cost and accumulated depreciation of infrastructure capital assets for the Drain Commissioner is based on data derived from certain prior year audit reports. We evaluated the key factors/assumptions used to develop the original cost and accumulated depreciation of the infrastructure capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of those assets in determining that they are reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors/assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statements may be affected by unusual transactions, including nonrecurring transactions. The following significant unusual accounting transactions occurred during the year:

- During 2007, significant amounts of Washtenaw County's capital projects bonds and DPW bonds were in-substance defeased through the issuance of advance refunding bonds. In accordance with GASB Statement No. 7, *Advance Refunding Resulting in Defeasance of Debt*, the difference between the amount placed in escrow to repay the refunded bonds and the carrying amount of the refunded bonds is being deferred and amortized as a component of interest expense over the remaining life of the refunded bonds.

No Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- To accrue certain parks and recreation expenditures at year end.
- To correct accrued interest receivable at year end.
- To record accrued interest payable at year end on capital project debt.
- To correct capitalized assets in the Drain Commission component unit financial statements.
- To correct retainage payable in the Drain Commission component unit financial statements.

No Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 24, 2008.

No Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the County’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

No Other Audit Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Commissioners and management of Washtenaw County, federal awarding agencies and pass-through entities, and the State of Michigan; it is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

Washtenaw County

Comments and Recommendations

For the Year Ended December 31, 2007

In planning and performing our audit of the financial statements of Washtenaw County as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the County's Single Audit report

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

OTHER MATTERS

Knowledge of Related Parties

The County does not have formal procedures to detect potential related party contracts/transactions. While no related party transactions were discovered during the audit, we recommend the County consider approaches (probably through the Purchasing function) to inquire of prospective vendors as to the existence of potential related parties.

County Response. The County will review its current processes pertaining to related party transactions and will strengthen them where necessary to help ensure that there are no conflicts of interest in our contracting process.

Washtenaw County

Comments and Recommendations (Concluded)

For the Year Ended December 31, 2007

Information Technology Controls

Financial System Interface with Spreadsheets. Spreadsheets may seem to be relatively straight forward because of their widespread use. However, the risks presented are significant if the spreadsheet results are relied on for decision making. Washtenaw County has several spreadsheets that are being used to compile numbers that are either being manually keyed into the financial accounting system or are being directly imported. We recommend that Washtenaw County develop procedures for reviewing on a periodic basis the integrity of all spreadsheets that are being used to accumulate data that will be posted to the financial accounting system.

County Response. County employees regularly verify the integrity of the data in spreadsheets that are imported into the JD Edwards financial accounting system. We will continue to stress the importance of this to our fiscal staff.

Access to Financial System Modules. The JD Edwards financial accounting system was designed for use by end users. Each user is set up in the security module and is granted rights to areas of the program. For flexibility purposes, users are sometime given rights to areas of the application that are not necessarily appropriate based on their job description. This is the result of taking on different roles within the organization or temporarily assuming different responsibilities. Washtenaw County should develop procedures to periodically review the user rights of all users in the system to ensure that the rights they are granted are appropriate for their job descriptions.

County Response. The County has begun the process of moving to role based security for access to the JD Edwards modules (general ledger, purchasing, payroll, payables, etc.). The JD Edwards Operational Team has been asked to prepare a procedure that will address the need for user access rights to be reviewed regularly.

Access to Financial System Tax History. JD Edwards is the application software used to record and manage the financial transactions for Washtenaw County. Underneath this application is a series of Oracle database tables. These databases are protected with controls that prevent unauthorized changes to the data. The three employees in the Payroll division have direct access to the tax history data file, which includes historical payroll withholding information. This access is a function of the software user rights. Periodically, a change needs to be made to the tax history data file for a County employee so that their year-end tax information will be correctly reported. When these changes are made, screen shots of the fields before and after the change are printed and retained in the payroll area. However, the financial system does not retain an audit trail of what has been changed. Because of this, we recommend that the tax history data file be restricted to read only access. When a change needs to be made, access to the file can be temporarily granted by IT. For internal control purposes, two people should be present when a change is made. After this is done, the file should be restricted to read only access again. Also, a copy of these screen shots should be given to the employee in the accounting area who works closely with the payroll process and the recording of payroll costs in the general ledger.

County Response. The County will implement this recommendation immediately.